

Appendix: Legislative Actions

City Council Fiscal Year 2010 Budget Priorities

ATTACHMENT A

Memoranda that presents City Council budget priorities for Fiscal Year 2010.

Mayor's May Revision to the Fiscal Year 2010 Proposed Budget

ATTACHMENT B

A memorandum that presents the Mayor's recommended revisions to the Fiscal Year 2010 Proposed Budget, dated May 18, 2009.

Fiscal Year 2010 Final Budget Report and Recommendations

ATTACHMENT C

Office of the Independent Budget Analyst, Report number 09-45, dated May 29, 2009.

Budget Review Committee's Recommended Final Modifications to the FY 2010 Budget

ATTACHMENT D

Office of the Independent Budget Analyst, Report number 09-47 dated June 4, 2009.

Resolution R-304958

ATTACHMENT E

A resolution of the Council of the City of San Diego adopting the Fiscal Year 2010 Budget, including approving the Mayor's Fiscal Year 2010 Proposed Budget and May Revision, with the Independent Budget Analyst recommended modifications, approved by the City Council on June 8, 2009.

Resolution R-305100

ATTACHMENT F

A resolution of the Council of the City of San Diego adopting the Statement of Budgetary Principles with respect to administration by the Mayor of the Fiscal Year 2010 Annual Budget on July 20, 2009.

Appropriation Ordinance O-19887

ATTACHMENT G

Adopting the Fiscal Year 2010 Annual Budget and appropriating the necessary money to operate the City of San Diego for said fiscal year on July 27, 2009.

Appendix: Legislative Actions

Legislative Budget Actions

The creation of the Fiscal Year 2010 Budget began with the Mayor's updated Five-Year Financial Outlook. The Five-Year Financial Outlook for Fiscal Years 2010-2014 provides guidance and structure for the creation of the Fiscal Year 2010 Annual Budget, as well as for the budgets in the four subsequent years. The Five-Year Financial Outlook was released by the Mayor in November of 2008 and was reviewed and analyzed in a report released by the Office of the Independent Budget Analyst (IBA) on January 15, 2009.

The creation of the Fiscal Year 2010 Proposed Budget was a concerted effort undertaken by both the Mayor's Office and City Departments. The Fiscal Year 2010 Proposed Budget was presented to City Council on Monday, April 13, 2009. In addition to the aforementioned presentation held at Council, the Chief Financial Officer (CFO) also presented the Proposed Budget to the Budget and Finance Committee on April 15, 2009. Subsequent to the CFO's presentation of the Proposed Budget, seven community meetings known as "San Diego Speaks" were held by the Budget Review Committee in order to provide the public with an opportunity to give feedback on the Proposed Budget as well as to hear Council discussion about the budget proposal. Citizens were also asked to participate in a survey to help prioritize City services, discuss their preferences for services and suggest ways to help balance the City's budget. The Mayor also presented the Proposed Budget and answered public inquiries at eight town hall meetings that took place between April 16 and April 28, 2008 in each council district of the City.

The City Council budget priorities for Fiscal Year 2010 were detailed in a report released by the Office of the Independent Budget Analyst (IBA) on May 7, 2009. This report was discussed by Council on May 8, 2009, and then submitted to the Mayor as an indication of Council priorities and expectations for the ongoing budget hearings. On May 14, 2009, a report providing further discussion of Council budget priorities was released by the IBA, and discussed by Council on May 18, 2009.

On May 18, 2009, the Mayor issued a May Revision to the earlier Proposed Budget. To help the Council in their deliberations on the Mayor's Proposed Budget and the May Revision, the IBA issued several reports that analyzed the budget and took into account Council priorities. On April 28, 2009, the IBA issued a response to the Fiscal Year 2010 Proposed Budget, followed by its report on May 29, 2009 that offered recommendations for revisions to the Fiscal Year 2010 Proposed Budget; these recommendations were reiterated for Council in a June 4, 2009 report. The Council considered the Proposed Budget and the Mayor's revisions in light of the public input received, as well as numerous IBA reports and recommendations.

On June 8, 2009 the City Council approved the Fiscal Year 2010 Budget that included the Mayor's May Revision to the Fiscal Year 2010 Proposed Budget, the recommendations made by the IBA, the request that the Mayor identify Fiscal Year 2010 funding and resources to ensure the success of the Citizens Revenue Review and Economic Competitiveness Commission, and the reinstatement of up to an aggregate \$315,212 back to the Council budgets and taking the reduction from the appropriated reserves and/or infrastructure funds at Council's discretion. These actions also included the adoption of a set of Fiscal Year 2010 Council fiscal reforms which identified issues that surfaced during the Fiscal Year 2010 budget process, but will require additional research and discussion by the City Council during the coming fiscal year. The Mayor signed the Council approved budget resolution (R-304958) on June 17, 2009.

On July 8, 2009 the 2010 Appropriations Ordinance was presented at the Budget and Finance Committee and was approved by the City Council on the second hearing on July 27, 2009.

Memorandum

To: Councilmember Tony Young
Chair, Budget and Finance Committee

Cc: San Diego City Councilmembers
Mayor Jerry Sanders
Andrea Tevlin, Independent Budget Analyst

From: Councilmember Sherri S. Lightner

Date: Friday, May 8, 2009

Re: Recommendations for the FY10 Budget



As a part of the City's budget discussions, I have included the following ideas and suggestions to increase community participation, add a higher level of analytical rigor to Council deliberations and decision-making, and to emphasize a stronger economic development effort with a focus on green/clean technology.

These ideas are included along with my response to your April 21, 2009 memo requesting recommendations to provide 1) "Additional cost savings you [Councilmembers] would like to see implemented in the FY2010 budget." and 2) "Strategies that you [Councilmembers] would like for the Mayor and IBA to review and possibly implement in preparing for FY 2011's budget." I appreciate your request and believe it is essential to find additional savings for this year as well as establish systems that will make the City operate more efficiently in the future.

The City has much to do to strengthen efforts already underway to improve fiscal responsibility and to provide the best services to constituents possible during this challenging period. For both the FY10 budget and future budgets, the City must become more transparent, increase public oversight and input, increase accountability and minimize waste, follow best practices, and fully utilize our resources to achieve increased efficiency and better service delivery.

The following recommendations are intended to help achieve these objectives:

The recommendations are presented in six general classifications: Citywide Efficiency; Savings or Increased Revenues; Efficiencies and Increased Transparency; Additional Department Hearings; Economic Development, and Public-Private Partnerships and Joint Agreements. Some items include action requests for City staff or the IBA to provide additional information or an assessment. Action is also requested for items that require additional information or that have a longer timeline.

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The items that need additional information or an assessment by City staff or the IBA are all items in section 2, sections 3.2 and 3.3, sections 3.8 through 3.22, section 4, 5.2, 5.3, and section 6. It may be helpful for the Council to have presentations on the information presented in section 5.

1 Citywide Efficiency

1.1 Benchmarks & Accountability for Contracts: For every contract subject to City Council approval, it is recommended that well-defined benchmarks be established as follows:

- 1) Typical benchmarks would include well-defined deliverables with an associated delivery date and cost for delivery;
- 2) Develop a system for monitoring benchmarks and require regular reporting to the Council, especially if there is a failure to meet the benchmarks;
- 3) Explain and correct any failure to meet the contract benchmarks. This explanation should provide a clear definition of cost and time overruns including additional expenditures, time delays, and any City staff time costs;
- 4) Before a contract's scope of work can be modified, it must be reviewed and approved by Council.

For example, if these oversight systems had been in place for current contracts, taxpayers would not be paying \$10 million or more in overruns to develop Enterprise Resource Planning (ERP). The public needs assurance that sufficient accountability and oversight systems are in place to insure there will be no further cost overruns for OneSD.

1.2 Public Oversight & Accountability: Comprehensive Annual Financial Report (CAFR): It is important, both for the public's trust and for the City's financial health, that the City be held accountable to meet all pertinent requirements.

The FY09 CAFR is one recent example of the City failing to meet disclosure requirements. I did not support the FY09 CAFR because the City omitted information that the City of San Diego/MTDB Authority is responsible for the financial oversight of a bond payment initiated in 1988 and that the City may have failed to meet its responsibility to appoint two Councilmembers and to make sure the Board meets annually. As far as I know, the City has still not met these requirements.

The City must also be more thorough before approving expenditures. For example, recently the City proposed to spend over \$400,000 for a reservoir water study that had not yet received the scrutiny of available volunteer outside experts. We must develop systems that use available volunteer expertise at our local universities, business and activist communities to insure that the highest standard of oversight is provided before spending taxpayer dollars.

Additionally, better systems for measuring and tracking projected savings must be established in the coming budgets. For example, a report substantiating the projected 4:1 return for completed audits is essential if that is going to be a significant factor in the approval of additional auditors. Increased due diligence is needed before the approval of additional expenditures to ensure there is enough reliable information to substantiate claims of efficiencies, savings or any other assertion.

For example, there are recommendations to continue moving forward with additional Business Process Reengineerings (BPRs). Prior to approving more BPRs, can the City substantiate savings that have been realized from the BPRs that have already been completed? City departments, the City Council and the public require this information to determine if the BPR program is the best way to achieve efficiencies and cost savings, and to improve services.

- 1.3 Best Practices:** I recommend the Mayor provide information on best practices as part of each department's budget. This will provide another check to minimize waste and increase efficiency. The City has not consistently followed best practices, and often this has led to mismanagement and waste.

For example, just recently, the City failed to follow both a requirement in an initiative passed by voters and also a best practice when it failed to conduct a national search for the City's Independent Auditor. Instead the Mayor nominated an auditor. I am not suggesting that the current Auditor is not qualified, rather I am merely showing an example of where the City failed to follow through with requirements set by voters and recommended by best practices.

2 Savings or Increased Revenues

- 2.1 Administration Services:** Consider elimination of the Administration Department (\$3,994,035) and transfer its essential oversight functions to the Auditor's office.

Currently the Administration Department oversees Administration and Grants Management, the Citizens Review Board, Emergency Medical Services, EOCP, the Living Wage Program, Mayor's Office Management, and Public Information. There does not appear to be criteria to demonstrate the need for all of these positions.

Action: Request that City staff examine each position in Administrative Services and determine whether it can be consolidated with other departments, as well as state why each position is critical to the City's internal controls.

- 2.2 City Sponsorships:** Eliminate sponsorships of all public activities, events, and sports venues. Place cost savings into the City's reserves.

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For example, the Storm Water Department is proposing to spend \$4,347,548 in education and outreach including "...attendance and sponsorship for events such as December Nights, the Padres, the Jazz Festival, the Filipino-American Festival and the San Diego State Aztecs."

Action: Request that the IBA and City staff identify the expenditures by event and the type and cost of promotional materials used at the events. Are any of the expenses covered by grants, and if so, what is the total? How much of this activity is a requirement to satisfy provisions of the EPA lawsuit settlement?

- 2.3 Consulting Agreements/Services:** Require full transparency for all special consulting services. Below is the chart from the IBA report listing the special consulting services.

Action: Prior to voting on this item, I am requesting City staff provide an itemized list of what is in each of these contracts, its full expenditures, benchmarks required and a report of any overruns that occurred in FY09. I am also requesting what measures are in place to prevent overruns in FY10 and what City staff considers an "overrun."

Citywide Program Expenditures			
	FY 2010 PROPOSED	FY 2009 BUDGET	CHANGE
Special Consulting Services			
Actuary Services	\$200,000	\$200,000	\$0
Disclosure Counsel	\$100,000	\$100,000	\$0
Meet & Confer	\$400,000	\$400,000	\$0
Reimbursement to DSD	\$0	\$700,000	(\$700,000)
MuniServices	\$400,000	\$0	\$400,000
Other Consultants	\$250,000	\$82,000	\$168,000
TOTAL	\$1,350,000	\$1,482,000	(\$132,000)

- 2.4 Ethics Commission:** Place all fines collected from the Ethics Commission into the City's reserves. Last year, the Commission collected \$6,500 in fines plus an Administrative Enforcement Order and fine of \$68,243.

Action: Request the City staff to provide information as to how the fines were used in FY09.

- 2.5 Film Commission:** Filming events should be treated like all other special events conducted by commercial enterprises, except that filming companies may qualify for expedited permit processing that should require an additional fee. This means that the filming companies should pay full fees for police and fire services and full venue fees for any locations on City property.

Action: Request that City staff evaluate the costs of subsidizing filming events for the last two years and estimate the revenues for FY 2010, using the assumption that filming events will need the same permitting as any other special event. What is the estimated cost recovery possible?

- 2.6 Fire Department -Additional Cost Recovery:** Services provided to large public institutions and non-profits that do not contribute to the City's revenue should be fully cost recoverable. In particular, for the benefit of a responsive fire department, local universities should pay to support local fire services. Local universities are larger than some communities and should help support fire services, especially because the campuses facilitate research with sometimes hazardous chemical and biological materials.

Action: Request City staff to provide data on services provided to UCSD, SDSU and the Community Colleges, costs to provide these services for FY08, and a cost estimate for FY09. Can the City recover these costs?

- 2.7 Newsracks:** Newsrack permit fees were just increased by a modest amount. Prior work done in previous years would show that the fees assessed do not cover the costs of enforcing the Newsrack Ordinance. The failure to enforce the Ordinance creates visual blight and can cause accessibility issues (Illegal placements block access) in some communities. It is estimated that the current fees cover 20% of the total cost.

Action: City staff to provide information on the fees necessary for full cost recovery for enforcement of the Newsrack Ordinance and how much is currently being subsidized.

- 2.8 Public Relations Contracts/Public Information Officer:** Eliminate all public relations contracts to promote the City of San Diego. Public relations firms are not needed for the City because the Tourism Marketing District and the Convention Center are dedicated to promoting San Diego.

Action: Request City staff to provide Council with a list of the public relations contracts and total expenditures anticipated for those contracts for FY10. Staff to provide information on total expenditures for FY09 and for what those expenditures were made.

- 2.9 Transient Occupancy Tax:** TOT funding for the Arts, Culture, Community Festivals and Organizational Support is reported to generate a 24:1 return on investment. Require each organization to provide a match for TOT dollars. Request that criteria for funding arts and culture programs include a point credit for a matching funds program.

Currently, the Mayor recommends \$7,990,586 for the Arts, Culture and Community Festivals and \$6,449,183 for Organizational Support in the FY10 budget, totaling \$14,439,769.

Action:

- (1) Request City staff and the City Attorney's office report on whether there is a requirement for the City to spend the entire TOT every year.
- (2) Request that program participants develop matching funds programs.

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- 2.10 Warranties/Contract Terms:** When the City purchases goods or services (including consultant agreements), the warranties and contract terms should be closely monitored to assure that the agreement's terms are fulfilled. If, for example, the City decides to replace incandescent traffic signal fixtures with LED fixtures because they are more efficient and have a five year life expectancy, the City should make certain that there is a warranty which guarantees full replacement if the lights fail prior to that time. Similarly, if trash cans are said to have a lifespan of ten years, then there should be a provision for replacement if they fail prior to that length of time. If the City contracts for a certain scope of work for a set cost, that original scope of work should be delivered before contract modifications are considered (e.g. OneSD).
- 2.11 Water Department:** Now that the City has adopted Drought Response Level 2 in response to the announcement that there will be a 10% reduction in water deliveries beginning July 1, I recommend that the Water Department, the IBA and the Auditor conduct an assessment to determine whether any additional positions are needed. The department plans to propose 10 additional enforcement positions.

Action: Request that the Water Department, IBA and Auditor's office determine if any additional positions are needed, and if so, the minimum number of additional staff. Is it possible to use interns to staff the program in combination with existing staff?

3 Efficiencies and Increased Transparency

3.1 Agencies - SEDC, CCD, Housing Authority, Redevelopment Agency and SD Data Processing Corporation - Transparency & Public Oversight:

In an effort to increase public oversight and transparency, I recommend that a line-by-line budget be published on each agency's website, if this has not already been done. Additionally, each agency should publish an updated list of proposed projects to complete in FY10 on its website.

Action: Request that each agency provide its budget and project information on its website.

- 3.2 Audits Requested:** Future Benefit Assessment (FBA) and Development Impact Fee (DIF) funds should be audited to make sure that these funds have not been used inappropriately. There is concern in several communities about what money is in the funds and when and how it is being used. In particular, how much is billed to these accounts by City staff and for what? There is additional concern that fully funded FBA and DIF projects are being unnecessarily delayed. Similarly, the Business Improvement Districts and Maintenance Assessment Districts should be audited. The overhead rate for all of the funds should be evaluated, a maximum allowable rate should be set and that should be included in the evaluation of any proposals for an operating agreement or contract for the operation of the MAD's or

BIDs.

Action: City auditor to perform audits of FBA and DIF funds and MADs and BIDS. Corrective measures to be recommended, as appropriate. Proper use of the various funds could mean earlier completion of community projects.

- 3.3 Brush Management:** Brush management is an important method for preventing or minimizing fire damage. In the FY09 First Quarter Budget Reduction process, 2 brush management code compliance positions were eliminated because they had not been filled. The IBA states that this reduction in staff will prolong review of all affected parcels from two years to a minimum of three years.

Action: Request that City staff provide information on all costs and risks related to reducing 2 code enforcement officers for brush management and prolonging the inspections.

- 3.4 Bureaucracy Review/Functional Review:** Business Process Reengineering (BPR) is proceeding on a department-by-department basis, and there does not seem to be an effort to consider the overall organizational structure. I encourage an effort similar to the one which formed the Engineering and Capital Projects Department. A functional analysis of the various departments should be considered, which would result in a structure organized along functional lines.

For example, instead of the Fire Department hiring people to do billing and fine collection, this should be an activity for the City Treasurer. Perhaps the City Treasurer should also take care of parking and traffic citation billing and collection instead of hiring an outside company. Neighborhood Code Compliance citations and fines could also be handled by the City Treasurer.

- 3.5 Business Tax Fairness:** Waive fees beyond cost recovery for first-time business tax offenders. The Treasurer reports that 75% of those notified are actually in compliance and do not have to pay the fee. Currently, non-compliant businesses are charged the unpaid business tax, a zoning fee, late fee, processing fee, and, if they do not respond within 30 days, a non-compliance surcharge. Late fees alone comprise 41% of the total charged for any business that has failed to pay taxes for four years.

I have received numerous calls and emails from constituents who have been penalized by the City for non-compliance when they were not aware of their liability. The Business Tax Compliance office advised me to expect even more such contacts because there is a growing lack of clarity and understanding about who is required to pay the City's business tax.

Action:

1. The City Treasurer could warn first-time-offense businesses before assessing any penalties; require payment of only the business tax and zoning fee for each unpaid

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year, plus a fee to recover the administration cost; and waive the “Late Fee” and any processing fee beyond cost recovery for first time offenders. If after receiving a warning a business fails to pay, or if it fails to pay in the future, then it could be charged all penalties waived for the first offense, plus any additional penalties for subsequent offenses.

2. The City Treasurer could identify and correct the problems that are resulting in 75% of the businesses being misidentified and sent notices of non-compliance.

3. There should be a Business Tax Compliance program review and improvements made in the ways in which it informs the public of who is required to pay the business tax, especially regarding how it communicates with the self-employed. This will give small business owners the opportunity to do the right thing without being punished too harshly.

These new policies and efficiency improvements will be cost recoverable and will demonstrate respect for San Diego’s small business community.

- 3.6 Capital Improvement Projects:** Require full transparency and oversight of the City’s Capital Improvement Projects (CIP) in FY09 and the proposed CIPs in FY10. Prior to approving the FY10 CIP budget, a list of completed FY09 CIP projects should be provided to the Council and posted to the City’s website, as the IBA recommended.

Action: For the FY10 budget, City staff should provide Council with a full list of the projects proposed to be worked on and/or completed in this fiscal year. The report should also include the criteria used to determine why each project was selected, the projected budget and benchmarks to help ensure the projects are completed on time and to identify early any potential cost overruns.

- 3.7 Citizen Expert Review Panels:** Take advantage of volunteer experts from our communities. We should take advantage of the expertise at our local universities, in our business community and in our activist community. Panels with specific expertise could help save the City money by providing timely advice.

Action: Mayor could work with Council Committees and IBA to establish expert panels for the purpose of providing insight regarding staff proposals.

- 3.8 City Attorney:** Potential cost savings have been identified in sections 2.3 and 3.9. The Council should support the City Attorney’s effort to bill non-General Fund users for attorney services using Service Level Agreements to minimize expenditures from the General Fund. In addition, the use of outside counsel should be minimized. We could consider the use of more contingency-based agreements for outside counsel. If even partially contingency based contracts are not acceptable to outside counsel, perhaps the City should consider settling the matter prior to litigation. Consulting agreements should be carefully vetted so that the City is not paying for change amendments to obtain the desired services.

- 3.9 Council Docketing:** The City Clerk's office, rather than the City Council, should handle all docketing.

Action: Request IBA to assess this suggestion to evaluate how much the current system costs in both time and money, and whether efficiencies can be achieved by making docketing a function of the City Clerk's office.

- 3.10 Criminal Prosecution:** City staff should work with the District Attorney's office and City Attorney's office and develop a proposal to eliminate duplication of criminal prosecution between the City and the County. Currently the City Attorney's criminal division is proposed to spend \$6,004,292 in FY10.

In 2005, District Attorney Dumanis, Sheriff Kolender, and Police Chief Lansdowne supported combining the City's misdemeanor division with the DA's office. Dumanis stated at the time that it would be more economical if felony and misdemeanor cases were prosecuted together. In addition, Dumanis advocated for the business model known as "group effort" which involves efficiently processing paperwork and reducing caseloads for judges and courts.

Action: Request City staff, City Attorney's office and IBA provide a proposal that maximizes resources and eliminates duplication with the San Diego County District Attorney's office and provide an estimate of the potential savings to the City.

- 3.11 Fuel Reserve:** Provide for the creation of a fuel reserve for the City's fleet to protect against unanticipated increases in fuel prices, as suggested by the IBA. They recommend the reserve be funded with any year-end surpluses that may result when fuel costs are lower than anticipated.

Action: Request that City staff provide information on what must be done to create a fuel reserve and what are the costs and potential savings. Request the IBA to provide an analysis on whether the City would have saved money in FY09 if a fuel reserve was in place.

- 3.12 IPR - Indirect Potable Reuse Demonstration Project:** \$10,526,000 are proposed for the additional expenses needed to support this pilot project. I am recommending, prior to the expenditure of these funds, that a line item report be provided showing every expense for this project. I also recommend that City staff develop benchmarks that must be met before further funds will be considered for allocation to the project. In light of the growing water crisis, we may want to place this demonstration project on hold and use the \$10 million to enact drought program and water conservation methods. Is this a possibility? How far along is the project?

The City should request federal stimulus dollars to help fund our water recycling efforts. I understand that there are approximately \$135 million available at the State level for constructing water recycling projects. We should use this money to expand the purple pipe (non-potable reuse) water system and use incentives to facilitate its installation by commercial properties.

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Action: Request City staff to provide a line item report of every expense for the IPR project and provide benchmarks the project must meet. Request the Water Department apply for federal stimulus dollars to help fund water recycling and the installation of purple pipes so that all of our reclaimed water is used.

- 3.13 IT/SDDPC:** IT expenses have been decentralized this fiscal year. Each department has been charged for IT, in some cases a great deal of money. This expense has been offset by a like amount as revenue. These balanced expenses and revenues are in addition to the costs that have been billed in previous years. How are these costs determined? Is it based on equipment provided by IT (or is it DPC?) to each department and the personnel used by the departments? In particular, the base amount charged to my office has not changed from last year. SDDPC depreciates equipment, does IT? What are the terms of the equipment agreements for each department?

Action: Request IT staff explain the methodology for calculating the costs for each department's IT expenses and what services are delivered.

- 3.14 Neighborhood Code Compliance:** Eliminate Community Outreach from Neighborhood Code Compliance. The FY10 Neighborhood Code Compliance proposes to maintain one community outreach position. I recommend using that position as another code compliance officer in the field either to assist in the Vacant Properties Program or to assist with the other code violations and help require more compliance. The community outreach functions can be transferred to a different department such as Community and Legislative Services.

Action: Request City staff to provide a thorough report to document the degree to which violations are not enforced and fines not collected (for example illegal signage citywide – including merchants who offer check cashing). It is my understanding that additional code enforcement officers will be cost neutral with the added value of improving the quality of life in our neighborhoods. I request that the report include evidence as to whether a code enforcement officer is cost neutral.

- 3.15 Optimize City Facilities:** There are several facets to this topic.

For the use of City-owned public space, other than that controlled by the Park and Recreation Department, permits should be required. Real Estate Assets (READ), Park and Recreation or Special Events could issue the permits. For example, does the plaza at the Community Concourse require a permit if used by a non-City entity?

City properties which are operated with lease or joint-use agreements are discussed in sections 3.16, 6.1 and 6.2.

The City Administration Building is underutilized at this time, and an assessment should be made about current space utilization. There are noticeably empty work spaces, and it may be possible, with better use of the space, to not need to extend

any offsite leases. An additional consideration is the potential added efficiency of placing departments which interact frequently in close physical proximity.

Action: Request that the IBA provide an assessment of the square feet allocated per staff member by department and floor and compare this with how other large cities or the County allocate space. Files may occupy space that would be better and more inexpensively used by staff.

- 3.16 Police Recruitment:** Some have suggested that there may be an increase in vacancies, retirements and/or transfers based on the newly-adopted labor agreement. I request that City staff provide a quarterly report to the PS&NS Committee for the purpose of increasing the size of Police Recruit Academies and/or adding additional academies if needed to proactively ensure that the strength of the City's police force is maintained.

Action: Request a quarterly report to the PS&NS Committee by City staff on the vacancies, retirements and transfers in FY10 compared with FY09.

- 3.17 Real Estate Assets (READ):** An assessment of the properties owned or leased by the City should be performed. This assessment should include the condition of the property, the responsibilities of the lessor for the property, the cost-benefit of retaining the property and the advisability of releasing the property to the current lessor with the condition that a remainder interest in the property be retained by the City, if the purpose of the current use is not fulfilled.

For example, there are nonprofits which use City-owned land to benefit the local community. It may benefit the City to allow the non-profit to take care of the property and have all of the responsibility for the maintenance and operation of the site. This might benefit the fundraising activities of the non-profits as there will be no looming "end-of-lease" situation.

Action: Request City staff to report on the properties and buildings owned by the City with an assessment of the current use, condition, and the cost-benefit of leasing/releasing the property and retaining a remainder interest.

- 3.18 Refuse Disposal Fund & Recycling Fund:** These funds may have a short term solution to balance revenues and expenditures, but the City must explore a long-term solution to address the fiscal structural problems of both funds. I recommend the Council convene a committee comprised of councilmembers, City staff, members of the public, and members of the academic community to produce a report with recommendations to 1) address the fiscal structural problems; 2) alleviate pressure on the General Fund; and 3) avoid overburdening commercial and multi-family users.

Action: Request City staff to determine any costs associated with convening such a committee.

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- 3.19 SAP:** The loan of employees to the SAP/OneSD effort should be tracked and every effort made to minimize the subsidy of this effort by City departments. What is the cost to the City/General Fund for staff that have been allocated to this effort? Is that cost expected to increase? If the demand changes, how will Council be made aware of the cost change? How does this allocation of resources affect the performance of individual departments?

Action: Request City staff to identify departments affected and the total number of employees working on SAP.

- 3.20 Street Lights:** City Policy 200-18 stipulates the spacing and placement of street lights for developed communities. Street light placement is a great concern for communities. In some communities there are not enough street lights, and in others the addition of street lights is not desired. The implementation of this policy should reflect the desires of the affected community. There could be a cost savings if those communities which do not want the minimum street light spacing are not forced to have additional lights.

- 3.21 Tracking System:** The reported 4:1 ROI for completed audits has been a significant reason given for the approval of additional auditors. While I believe we need robust internal controls and oversight, we need to ensure that we have the facts prior to approving additional expenditures.

Action: I recommend that City staff work with the City Auditor to develop a system to measure and track projected savings of audits. Prior to developing a system, I recommend determining whether there are best practices the City could follow to best measure and track projected savings. If any of the additional auditors are to be designated to the City's independent agencies, I recommend the agencies pay the City for the auditor. I request City staff provide a report to substantiate the projected 4:1 return for completed audits if that is one of the significant factors in approving additional auditors.

- 3.22 Tree Trimming:** The current budget proposes a cost savings of \$600,000 to eliminate routine tree-trimming/maintenance.

Action: Request that the IBA provide a cost-benefit review of the costs of routine tree maintenance vs. street cleaning/debris removal of palm fronds and dead or damaged trees – especially when trees fall into the public right of way. What have the costs been for FY08 and FY09 thus far? These costs should include any claims paid for tree damage.

4 Additional Department Hearings

- 4.1 **Business Office:** I request that the Business Office department be scheduled for a hearing. It states that from FY07 to FY09, BPRs have resulted in savings of over \$32 million in personnel expenditures and have resulted in millions of dollars in non-personnel savings. In addition, I recommend that if the Council decides to do a citizen survey, we adopt the IBA's recommendation that the Council work with the Mayor to conduct a community survey prior to next year's budget process to obtain the information desired by both the Mayor and the Council. The funding for a citizen survey exists in the Business Office department budget for FY10.

Action: Request City staff to provide more detailed information regarding savings realized to date, provide a list of the BPRs that will be completed in FY10, and a list of those expected to be started.

- 4.2 **Debt Management and Financial Management:** I request that the Debt Management and Financial Management departments be scheduled for a hearing. The Financial Management department is a critical department with financial oversight of many of the City's departments. I would like to know what specific internal controls are in place and what best practices are being implemented. The Debt Management department is also responsible for much of the City's financial operations, and I would like to know what best practices are being implemented.

Action: Request City staff to provide an explanation of the internal controls that are in place and the best practices that are being implemented in the Debt Management and Financial Management departments.

- 4.3 **Matching Fund Programs:** The objective of matching fund programs is to leverage City funds to achieve optimum benefit. Which departments provide any sort of matching fund program? How much money is set aside for matching, and what is the ratio for the matching? What types of projects or events can benefit? I respectfully request that the IBA report on this and suggest other City departments where this type of leveraging can be used. Can the City apply for grants with the commitment of private donations? What is the possible increase in revenue?

Action: Request City staff and the IBA to present information on the various matching programs provided by various City Departments and to identify other possible departments that might be able to benefit from a matching program.

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5 Economic Development

5.1 **Clean/Green Technology Industry & Sustainable Economic Development**

Committee: The City Council should establish a new committee that will expand the City's current focus on promoting sustainable economic development to include active development of the clean and green technology industry. This emerging industry could be the next economic engine for our region. In addition, the growth of this industry can also assist with combating climate change as well as conserving water and energy.

This committee would focus on two primary areas: 1) identifying and developing programs and incentives to attract and maintain the emerging green/clean technology industry in San Diego; and 2) identifying and developing programs and incentives to encourage new developments and converted developments to be sustainable. The committee would also work closely with Mayor Sanders to develop a green/clean technology hub in San Diego. The committee can be a part of helping to bring more jobs to our local economy by supporting green/clean technology businesses, and also green collar jobs that are needed for sustainability projects.

Action: In addition to NR&C, PS&NS, LU&H and the Audit Committee, Council establish an Economic Development Committee to actively work with stakeholders and Mayor Sanders to develop and monitor the City's economic development with a focus on the green and clean technology industry. Also request City staff to determine if there are any other costs beyond the cost of a consultant for the new committee (\$75,221).

Bio-tech and high-tech have made San Diego the bio/high-tech hub. We must work much more closely with our universities and the emerging clean and green technology industries. It is essential that San Diego enhance the effort to develop a robust clean and green technology business infrastructure. San Diego can become the national hub for green and clean technology business.

5.2 **Additional Federal Stimulus:** I respectfully request that that City legislative staff provide a report in two weeks that will provide a strategy and action plan for bringing more federal stimulus dollars to San Diego that can be used to create jobs. This is an opportunity for the City of San Diego to compete for additional dollars that could translate into job growth.

Action: Request a report in two weeks from City staff to provide a strategy and action plan on bringing in more federal stimulus dollars, followed by a monthly progress report to Council. The Obama Administration promised quick disbursement of stimulus dollars, and the Council needs regular reports to determine if additional action is needed to bring in more of these dollars to support our local economy.

- 5.3 Transient Occupancy Tax (TOT) Transfer:** Maintain TOT funding for Arts and Culture, Community Festivals and Organizational support. Transfer \$1 million of the proposed augmentation of approximately \$3.4 million in TOT allocations for General Fund promotion-related activities to be used to attract businesses and emerging industries like the clean/green technology to San Diego. According to the IBA, the Municipal Code requires that 4-cents of the TOT must be used for the purpose of promotion but does not define what constitutes promotion. According to the IBA, "In FY 2009, the City began allocating TOT funds for promotion-related expenditures within the General Fund, including police services for special events, Balboa Park events, and maintenance of streets, facilities and parks frequently used by visitors. In FY 2010, these allocations have expanded to promotion-related activities in various departments..."

In this economic environment, one of our top priorities is to grow our local economy. We can use these TOT dollars to promote San Diego as a desirable business location. If the transfer is approved, it is critical that benchmarks be established for the City to meet and that every dollar spent is reported to the Budget Committee each quarter to help ensure all expenditures are being used to grow our economy.

Action 1: Request that City staff explain how the augmentation of TOT dollars were proposed to be spent in the various departments referred to by the IBA. Request City staff report on how the transfer of \$1 million can grow our economy and attract more businesses to San Diego, particularly clean and green technology companies.

Action 2: Currently, the Mayor recommends that \$195,224 of TOT dollars be allocated to Business Expansion, Attraction and Retention. I am recommending the funding be placed in this account with an emphasis on emerging industries like clean/green technology. I also request City staff to provide a report to establish specific benchmarks that must be met in FY10 with the additional funding.

Action 3: I am recommending that a portion of the additional dollars brought into the City from the TOT dollars used on economic development go toward backfilling any reductions of the Arts, Community Festivals and Organizational Support grants.

6 Public-Private Partnerships and Joint Agreements

- 6.1 City-owned Facilities:** Some City-owned facilities are operated by private for-profit companies and non-profit organizations. Examples include the City parking garage and parking lots, and some Senior Centers. How much revenue is generated by the parking garage and lots? How much of that revenue does the City receive? Does the City maintain these properties or is maintenance the management company's responsibility? Could the City operate these facilities and make money? Similarly, what are the costs-benefits of retaining City properties operated

Attachment A

by non-profit organizations? Please see discussion under Section 3.16.

- 6.2 Joint-Use Agreements:** Park and Recreation has Joint-Use agreements with the School Districts, typically for the use of sports fields.

Action: An assessment of the number, cost and types of agreements is needed. Identification of all school sites suitable for joint-use would allow us to explore additional agreements. By using existing school fields, we can increase the availability of recreational opportunities in many neighborhoods. Some joint-use agreements are three party agreements. In most cases, the third party is a private non-profit that will pay for capital improvements in exchange for use of the field or buildings. This is the case for La Jolla Youth, Inc., which maintains playing fields in La Jolla. School sites are also available for community meetings, and we should try to optimize this resource.

Action: Request that City staff work with the IBA to provide a report and recommendations on existing and potential joint-use agreements that will improve recreational and community meeting opportunities.

- 6.3 Library:** Explore the suggestions by City employees in the IBA report including joint regional agreements between the City, County or school districts, creating public-private partnerships to fund library materials, and permitting private companies to operate coffee shops in libraries.

Action: Request that City staff work with the IBA to provide a report and recommendations on joint regional agreements and/or public-private partnerships that will best leverage City resources while maintaining service levels.

- 6.4 Qualcomm:** Qualcomm Stadium continues to operate at a deficit and requires \$11.8 million in TOT funding to support stadium expenditures.

Action: Request City staff to provide recommendations this year on public-private partnerships that would reduce the City's cost to operate Qualcomm.

- 6.5 Volunteers:** Our communities have people who will volunteer to help the City. We have the Retired Senior Volunteer Patrol with the Police Department and the Community Enhancement Program with Neighborhood Code Compliance. We also have multiple boards and commissions that are staffed by volunteers. Is it possible to expand the use of properly trained volunteers to help in City departments such as, but not limited to, Library and Park and Recreation? Is this a meet and confer issue?

Action: Request City staff to comment on the expansion of volunteer opportunities with the City.



COUNCIL PRESIDENT PRO TEM KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT

M E M O R A N D U M

DATE: April 30, 2009

TO: Councilmember Tony Young, Chair Budget & Finance Committee

FROM: Council President Pro Tem Kevin Faulconer *Kevin Faulconer*

SUBJECT: Budget Priorities for Fiscal Year 2010

As we begin to move ahead with discussions regarding the Fiscal Year 2010 Budget, I would like to share my appreciation to all of the City Departments and staff for their hard work, sacrifices and achievements over the past year. There have been many milestones this year; most importantly, completing the FY08 CAFR which has brought us up-to-date with our financial reporting requirements and subsequently has allowed the City to move forward into the bond market.

For Fiscal Year 2010, we must build upon those achievements and successes. The challenges brought upon us by the economic climate and the challenges at the state level will make this a difficult year; but the willingness of all those involved to make the necessary sacrifices will allow the City to break through these barriers.

In order to complete this task, I ask that the following items and areas be addressed during Council deliberations of the proposed FY10 Budget:

- Expansion of Auditing Functions
- Further Implementation of Business Process Re-Engineering
- Funding of Retiree Healthcare

Expansion of Auditing Functions

At the April 27th Audit Committee meeting, the Committee recommended the inclusion of a Fraud Investigator and three additional auditors to the Proposed FY10 Budget. It is the recommendation of the Committee to phase-in the three auditors at the beginning of the 2010 calendar year. This approach will require funding for half of FY10, a cost of

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\$245,900. The cost, including the addition of a Fraud Investigator (\$153,165), totals a required allocation of \$399,065.

The inclusion of the additional auditors complies with the recommendation of the best practices report completed by the Audit Committee's consultant Jefferson Wells in April 2008. The report recommends a staffing level of 24.5 FTE's to complete the City's Audit Work Plan. This recommendation coincides with 3-year escalation plan recommended by the Committee to reach this target.

In addition, the expansion of the City's auditing functions will provide the necessary accountability and oversight of our operations, programs and performance. Our auditor has indicated in his risk assessment that the City currently has 46 high-risk areas that should be audited on a regular basis. These additional auditors will be charged with overseeing these areas including the City's Fraud Hotline, and completing performance audits, revenue audits and internal audits of various departments within the City. It is anticipated the audits that are completed will result in a 4:1 return on investment. That is to say that for every dollar the City invests in auditing functions, the City will experience a \$4 increase in either revenue, operational efficiencies, and/or cost-saving practices.

Implementation of Business Process Re-Engineering/Managed Competition

Proposition C, the Managed Competition measure approved by voters in 2006, has unfortunately experienced many delays. Thus, taxpayers have not experienced the savings they knew would come by voting for the measure at the polls. While the delays in implementing Managed Competition are unknown, the City does have another tool that can be used to provide efficiencies and savings, Business Process Re-Engineering (BPR). The Independent Budget Analyst noted in their report that currently "eight BPR studies are underway". I ask that the Mayor complete these studies and be brought before Council as soon as possible so we can begin implementing saving techniques.

We will have an opportunity to save even more money when the Mayor brings a Managed Competition Guide to the City Council later this year. An overwhelmingly majority of San Diegans, including myself, believe that Managed Competition will benefit the City through savings and the improvement in the quality of service. Furthermore, I am confident City employees can win most of these competitive bids. I encourage my colleagues to move quickly once the guide has been released to begin realizing savings as soon as possible.

Funding of Retiree Healthcare

The City of San Diego Fiscal Year 2008 Retiree Healthcare Valuation reported an unfunded liability of \$1.206 billion, a 37% increase since Fiscal Year 2006. Currently the City only contributes the necessary amount to cover retiree obligations for the current fiscal year, also called "normal cost". In addition, the City makes a contribution to a Healthcare Trust to be used to cover future obligations. Because the Trust is managed by CalPERS, the City's contributions are susceptible to current market

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conditions. I ask that the Mayor provide an update regarding the current health of the Trust.

While the contributions thus far to the Trust have lowered the normal cost for Fiscal Year 2010, the Annual Required Contribution (ARC) to pay down the unfunded liability has increased by \$24.8 million since 2006. The City is not obligated to pay down the full ARC each year, but we have seen this liability increase at a dramatic pace.

Recent labor concessions have allowed the City to experience a reduction in the liability due to the freeze in the escalation of healthcare benefits. Although this significantly reduces the City's unfunded obligation, I encourage the Mayor and my colleagues to work together to develop a permanent benefit structure that will prevent future increases to our liability.

KF/cjc

cc: Honorable Mayor Sanders
Honorable City Council Members

Attachment A



OFFICE OF COUNCILMEMBER TODD GLORIA COUNCIL DISTRICT THREE

MEMORANDUM

DATE: May 4, 2009
TO: Councilmember Tony Young, Chair, Budget & Finance Committee
FROM: Councilmember Todd Gloria, Third Council District *Todd Gloria*
SUBJECT: Fiscal Year 2010 Budget Priorities and Issues for Consideration

Thank you for the opportunity to convey my priorities for the Fiscal Year 2010 budget.

Preparing this year's budget in the midst of a severe national recession has presented many challenges and tough choices. Rising unemployment, a high foreclosure rate and the credit crisis have hit our City as hard as they have hit families and industries across our country. The economic realities have truly constrained local government. These extraordinary circumstances demand a fresh approach, shared responsibility and shared sacrifice, and the willingness to make lasting changes that close the gap today and lay the groundwork for a secure future.

As presented by the Mayor, the proposed City Budget closes the deficit in ways that avoid layoffs and keep vital services intact. I applaud our City workforce for accepting a fair share of the burden, as \$30 million in savings are set to be achieved thanks to their efforts. As we anticipate the upcoming fiscal year and ongoing challenges, I hope that the Committee considers the following items. This should ease some of the burdens of prior years and continue in a responsible approach to bring fiscal stability back to the City.

ISSUES FOR CONSIDERATION:

Business Process Reengineering and Span of Control Analysis

According to an April 15, 2009 memo from the Business Office, the City has completed or is in the process of completing 25 Business Process Reengineering (BPR) studies and three efficiency studies. BPRs have resulted in reductions of over 400 full time positions and over \$32 million in personnel expenditures. The City has saved millions of dollars in non-personnel costs and has become a more efficient organization as a result of this process.

In addition to or as part of the BPR process, the City should examine our workforce's span of control (as recommended by AFSCME Local 127). Although a wide span of control can save money, one must be careful about cutting costs when it comes to management. This process tends to cut employees in middle management, while widening the span of control which can ultimately create more problems than the cost

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savings is worth. Managers may begin to fall behind on deadlines or become unable to properly manage their employees because there is not enough time for each task.

I recommend that the Budget & Finance Committee seek regular updates on these matters and make implementation a priority as additional cost savings, cost avoidances, and efficiencies will likely result from these processes.

FISCAL IMPACT: (TBD)

Redevelopment/Educational Revenue Augmentation Fund

Just one week ago, the City Council took action to amend the budgets of the redevelopment project areas administered by CCDC, SEDC and the City Redevelopment Agency in order to facilitate the required payment to the State's Educational Revenue Augmentation Fund. Late last week, a ruling from Sacramento Superior Court Judge Lloyd Connelly found the payment unconstitutional. The provision in the current state budget would have required redevelopment agencies statewide to transfer \$350 million to be used to fund State obligations. The impact to the Redevelopment Agency of the City of San Diego would have been \$11,457,209.

The various Redevelopment Project Area Committees (PAC) have already anticipated the impact to their respective budgets and have prepared accordingly. While it is not my intent to supplant the General Fund with tax increment funding, I am interested in working with the PACs, particularly in City Heights and North Park, to explore potential infrastructure investments. It is my hope that these investments can also be leveraged with Federal stimulus funding to also fuel job growth. With the downturn in the economy, now is a time to not only address the short term needs of delivering critical services, but to also plan and fund the infrastructure that is necessary to place San Diego in the forefront of the next economic growth cycle. Now is the time to invest in our communities' long-term needs--needs that will support anticipated future growth and spur economic development.

FISCAL IMPACT: (\$11,457,209)

Public Safety

Recruitment and Retention

Public safety is San Diego's top priority according to our City Charter and is always a number one concern in our neighborhoods. Over the past few years, we have seen an alarming pattern of experienced police officers leaving San Diego for nearby jurisdictions with better compensation. Due to the salary and benefit changes impacting both Police and Fire-Rescue personnel, I have great concern that the departments will experience higher than normal numbers of retirements and separations in the coming months. Appropriations should be made to ensure adequate resources for recruitment and retention. This includes sufficient funding for Police Officer III and Firefighter III positions and well as additional support for recruit academies.

FISCAL IMPACT: \$ 1,310,000

Brush Management

San Diego has miles of great wildland-urban interface, and years of drought and water conservation have increased the flammability of vegetation in our urban canyons. It is

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critical that the City have proper management to prevent future tragedies. I respectfully request that the City restore two Code Compliance Officer positions for Brush Management.

FISCAL IMPACT: \$ 150,000

Full Cost-Recovery for Petco Park and Qualcomm Stadium Events

As previously discussed, it is of great importance that the City seek full-cost recovery for public safety services provided for all events at our sports venues. Public safety services at local colleges and universities should also be examined as part of this process.

FISCAL IMPACT: (TBD)

Proposition 172

Proposition 172 was a measure approved by California voters in 1993 which required that the revenues from an additional one-half percent sales tax be used only for local public safety activities. Soon after, State Senator Steve Peace authored SB 8, removing the 5% cap on Prop 172 funds that San Diego could receive. Historically, additional Prop 172 funds were used specifically for public safety purposes, including but not limited to paying down the debt on the Fire Station and Lifeguard Facilities Bond.

I have asked that the City examine this measure in further detail. It is prudent that we understand the history and current status of this fund distribution. A better understanding of this method will allow us to explore options that may provide the City additional funds for public safety purposes.

FISCAL IMPACT: (TBD)

Special Revenue Funds

I respectfully request that the Mayor ask each department to disclose all revenue sources and special funds. The following funds will serve as examples of the sources that are currently available and not included in the Mayor's proposed FY2010 budget. I am interested in learning more about the eligible uses and restrictions with the funds identified.

- Antenna Lease Revenue (Fund 10150)
FISCAL IMPACT: (\$ 1,400,000)
- Pepsi Contract (Fund 63094)
FISCAL IMPACT: (\$ 732,976)
- Abandoned Vehicle Abatement Fund
FISCAL IMPACT: (\$ 3,000,000)
- Library Operations and Maintenance Fund
FISCAL IMPACT: (\$ 1,075,000)

Contracting

In a March 12, 2009 memo to the Mayor, Councilmember Frye and I inquired about the many services contracted out by the City. We asked that as part of the FY2010 budget

process, the City Council and public be provided with a comprehensive list of outside contracts.

Outside contracts represent millions in City spending and should be under review, particularly as we prepare to make deep budget cuts moving into FY2011. As we all tighten our belts and cut down on spending, I suspect the review will uncover ways the City can restructure some contracts and close out others. The City Council has reduced personnel costs considerably and it is only fair that we look at what we are doing through contracts that might otherwise be done in-house.

Specifically, the FY2010 Proposed Budget includes a new \$500,000 budget for Managed Competition. One additional source of revenue that I urge be adopted is the reduction by half of the anticipated funding of the consultant contract for the Managed Competition program.

In FY2009, \$500,000 was appropriated to the Business Office budget for Managed Competition contracts. During the FY09 mid-year adjustments, \$250,000 was reduced from the budget for the consulting services. As part of this action, the City Council directed the Mayor to issue a Request for Proposals for the services. Of the approved \$250,000 amount, \$103,000 remains unspent, and the contract is due to expire on June 30, 2009.

Again, as we curtail services to City residents, expect City employees to take concessions and absorb additional workload, and ask everyone at the City to do more with less, it is prudent to be as conservative as possible with allocation for consultant services.

FISCAL IMPACT: (\$ 250,000)

Pension Reform & Salary Analysis

Separate from the FY2010 Budget process, I would like to continue to address the reform of City employee pensions. We should seek to reduce the City's pension-related costs, while at the same time ensuring that the City remains a competitive employer and that City employees are appropriately compensated for their public service.

As the City looks to reduce its obligations and further reform employee benefits, I ask that as part of this dialogue, a salary analysis be conducted. Since 1998, the cost of living in San Diego has increased approximately 35% and for the most part, salaries have not kept pace.

I encourage the continued exploration of alternatives and an open and cooperative dialogue with all stakeholders about what is best for the City in this regard.

Revenues

Most people say the City needs to tighten its belt before considering a tax change. I couldn't agree more, and that is exactly what we have been doing. Two weeks ago, our City employees agreed to accept \$30 million worth of cuts to their compensation, reducing by half our current budget deficit. In doing so, our employees have stepped up to help us address our spending. It is now time to examine the other side of the ledger and consider new and additional revenue streams.

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With the current revenue structure, the City has insufficient income to maintain services at the current level. Employee compensation reductions will not solve all of our budget problems. The public has indicated they will not accept reduced levels of neighborhood services. Understanding these realities requires us to build new revenues to fix our finances and secure our City.

I wholeheartedly support the IBA's recommendation that the City Council and Mayor establish a socioeconomically diverse citizen's committee to focus on studying and making recommendations on two specific revenue options to augment General Fund resources—a storm water fee and a refuse collection fee—for possible implementation in FY2011, and make recommendations to Council no later than October 2009.

I look forward to continuing our efforts to strengthen our fiscal position with the ongoing help and input from the public and our employees.

In closing, the City Council has had to accept that the budget cannot be balanced without significant belt-tightening. As we move forward and examine the issues above, I am confident that we will do so with an eye toward more effective use of taxpayers' money and improved accountability and transparency in how we spend and protect the City's assets. I look forward to working with the public and my colleagues as we work to restore the fiscal health and viability of our great City.

TG:pi

cc: Mayor Jerry Sanders
City Councilmembers
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Department Directors

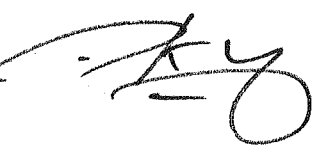


**CITY OF SAN DIEGO
OFFICE OF COUNCILMEMBER ANTHONY YOUNG
COUNCIL DISTRICT FOUR**

MEMORANDUM

DATE: April 30, 2009

TO: Honorable Councilmembers

FROM: Councilmember Anthony Young, Fourth Council District 

SUBJECT: Fiscal Year 2010 Budget Recommendations

My priority as Councilmember and Chairman of the Budget and Finance Committee is to help ensure we utilize our fiscal resources in the most efficient and effective manner possible, while also ensuring we keep this city in sound fiscal health. Following are my recommendations for your review, consideration, and action on Fiscal Year 2010's budget. These recommendations are made with an eye towards the future and in clear recognition that we are possibly facing over a \$100 million budget deficit for 2011.

Request the City Auditor to conduct a Revenue Audit of all the City's revenue sources including property tax, sales tax, franchise fees, business taxes, and lessees. This revenue audit is to be conducted in the 2009 calendar year with results and recommendations reported to the Budget and Finance Committee and forwarded to the Council for action. Additional components of the Revenue Audit should include the level of compliance with existing taxes and fees; review of other overlapping government jurisdictions to ensure the city is receiving all the revenue it is lawfully entitled too e.g., reviewing the distribution formula by the County Assessor's office; and a comparison with other California cities to possibly find any under- utilized revenue sources.

Additionally, findings and recommendations are to be provided to the "Citizens' Revenue Review and Economic Competiveness Commission." This Commission would encompass the IBA's proposal to study revenue options. However it would also include evaluating the city's current revenue and tax structure in comparison to other major cities and the impact on our city's ability to be competitive with attracting business, hiring and retaining a quality workforce, and providing quality city services that enhance and improve our communities and quality of life of all San Diegans.

Request the Mayor and City Auditor to review and take action on transferring the functions of the Revenue Audit and Appeals division of the City Treasurer's office into the Office of the City Auditor. Savings resulting from this consolidation are to be placed

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in the Appropriated Reserves and/or used towards balancing the 2011 budget. The functions of this office are critical to the Audit functions of the city and should be under our Independent Auditor.

Request the Independent Budget Analyst (IBA) to provide the Council with the aggregate amount of general funds money spent on consulting contracts for the last five fiscal years for the purpose of this Council taking action on placing a spending cap on consulting services for FY 2010.

Another area for a spending cap is supplies and services. The IBA identified a 4.2% decrease in the general fund budget for supplies and services from approximately \$291 million in FY 2009 to a proposed \$279 million for FY 2010. I am requesting this Council to reduce the aggregate general fund supplies and services budget by an additional 1%. By making the reduction in general fund supplies and services budget a 5.2% reduction, we save an additional \$3 million to be placed in the Appropriated Reserves and/or used to balance the FY 2011 budget. I recommend this additional reduction come from the purchase of supplies to the fullest extent possible.

The IBA identified a major concern regarding the time it is taking to complete an ADA construction project. It appears to be taking more than 2.5 years to complete a project. In addition to the IBA's recommendations, I am requesting the IBA and Mayor's office to provide us with the budgeted costs of those projects that have been completed which include the initial costs of the project and the final costs of the projects upon completion. It is my recommendation to take action, based on the information provided, to reduce actual funding for ADA projects in the FY 2010 budget to reflect funding only for those projects that can begin and end in FY 2009. In essence, and based upon past project's beginning and ending, we may not need to allocate the full \$11 million as proposed. Savings from this action is to be placed in the Appropriated Reserves and/or used to balance the 2011 budget if they are general fund monies. In the event these projects are fully funded with CDBG funds, other one-time projects in CDBG eligible areas can be fully funded.

Request the Mayor to direct the City's Library Director to explore the feasibility of establishing a RSVP Program for libraries which utilize retired teachers, professionals, and other qualified retirees to help staff our libraries and report back to the Public Safety and Neighborhood Services Committee with recommendations for Council action.

I support the recommendations contained in the IBA's Review of the Fiscal Year 2010 Proposed Budget and look forward to further discussing and taking action on her recommendations at the May 8th through June 8th Budget Review Committee and City Council meetings.



COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT

CITY OF SAN DIEGO

MEMORANDUM

DATE: May 4, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Councilmember Carl DeMaio

RE: Balancing the FY 2010 Budget

I am pleased to offer for your consideration a comprehensive Balanced Budget Plan that would alter the proposed FY 2010 budget to protect city reserves while avoiding tax and fee increases.

My budget plan proposes \$22.1 million in cost savings in the FY 2010 budget to achieve balance. In addition, I am proposing to significantly enhance the city's internal auditing and fraud investigation capacities to protect taxpayer monies spent elsewhere in the budget.

Finally, with the outcome of the May 19th election on state budget reforms highly uncertain, my budget plan creates a "Special Reserve" to provide an important cushion for possible state government cuts to city funding if the state budget deal unravels.

Observations on Current Budget Proposal
--

The current budget proposal largely reflects the Mayor and City Council's mutual commitment to restore the city's financial health while providing the best quality and level of services to our neighborhoods.

I am very pleased that the proposed budget achieves more than \$32 million in General Fund cost savings through labor cost reforms – consistent with the recommendations I made in my January memorandum on initial budget priorities (see attached).

By acting in a unanimous manner, the Mayor and City Council showed great leadership in this budget to take the positive first steps to bring city labor costs back down to sustainable levels over the long-term. I also commend the three labor unions that reached mutual agreement with the city to achieve this important accomplishment.

Notwithstanding these positive elements, the current budget proposal on the table contains several flaws. Specifically the current budget plan imposes fee increases that will hurt San

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Diego's working families and business. In addition, the current budget proposal uses one-time monies to cover ongoing expenses by raiding city reserves – and leaves no cushion for possible state budget cuts.

As the FY 2011 budget is likely to see a \$100 million deficit, I believe the FY 2010 budget package should include Mayor and City Council action on longer-term structural reforms that will net savings for the FY 2011 budget.

Modification 1: Preserve City Reserves – Prepare for Possible State Budget Impacts

Throughout the budget process, the potential for the state to raid local government funds has been discussed at length. With the outcome of the May 19th election on budget reforms highly uncertain, the city must be prepared for the state to seize up to \$35 million of General Fund revenues this year. In addition to this possible loss of state funds, I have raised concerns about the possibility that the city has been overly optimistic in its revenue projections – particularly with respect to sales tax and transient occupancy tax revenues.

With these concerns in mind, I strongly urge my colleagues to allocate \$22.1 million in internal stabilization reserves being tapped to a “**Special Reserve**” for use during FY 2010 only if a) the state raids our revenues or b) actual city revenues fall short of the revenue assumptions included in the FY 2010 budget. Should neither trigger occur, the city would have \$22.1 million in funds that it could allocate to the projected \$100 million deficit in FY 2011.

Modification 2: Reduce Spending through Cost Saving Reforms (See Attached Matrix)

The labor contracts provide the first steps in reducing the inefficiencies and waste in city departments. I believe more can and should be done to reduce spending in the FY 2010 budget – making monies available for the Special Reserve outlined above or to avoid tax and fee increases included in the current budget proposal. My office has compiled a number of cost saving reforms that could be implemented in time to “score” for the FY 2010 budget.

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Reform Option	Description	Cost Savings
1. Vacancy Rate Scoring	Increase budgetary savings value of vacancies in General Fund departments. This calculation is conservative and still allows for departments to fill positions mid-year.	\$8,500,000
2. Management De-Layering	As proposed by Local 127, implement "phase 1 pilot" management de-layering initiative starting with elimination of the Assistant Chief Operating Officer (\$550,000 for this office) and 15 other mid-level managers across General Fund departments.	\$2,500,000
3. Redevelopment Agency Payment	Instruct the Redevelopment Agency to remit payment to cover permissible expenses covered in General Fund; including portion of debt service on Deferred Maintenance Bond for improvements in redevelopment zones, reimbursement for revenue sharing on concourse parking for civic theatre, etc.	\$3,000,000
4. Wireless Revenues	Allocate wireless revenues from wireless tower rentals on park and recreation lands (currently unbudgeted and unallocated funds)	\$350,000
5. Secretariat Model for Boards and Commissions	Consolidate administrative support for various city boards and commissions into a "Secretariat" model of shared services.	\$300,000
6. Support Staffing for "Independent Agencies"	Charge back to so-called "Independent Agencies" for city staffing and oversight costs. (CCDC, SEDC, SDDPC, Convention Center, SDCERS, Housing Commission, etc.)	\$250,000
7. Environmental Services Department Reforms	Switch from 8-hour to 11-hour work schedule for staffing refuse collection (requiring meet & confer); extend use of equipment to industry standards, and relocate administrative management from Ridgehaven facility to operations and disposal centers.	\$1,500,000
8. Special Promotional Programs	Using the 6% reduction in city employee compensation as a benchmark, implement a commensurate reduction in the Special Promotional Program account relating to discretionary accounts for arts, culture and community festivals. Consider using City Council TOT allocations to offset loss of funding.	\$480,000
9. Expanded Marketing Partnerships	Expand commercial marketing using city facilities as core platform -- selling advertisements on City-TV 24, lifeguard towers, city publications, etc.	\$600,000

10. Reduction in Supplies and Services Budgets	With the City already 84% done with the fiscal year, several departments are way below their “burn rate” in supplies and services. Additionally the IBA has identified unexpended equipment monies in IT funds. Reduce appropriations in these areas to reflect actual experience and fund balances.	\$3,100,000
11. Redirect Library Fundraising Efforts	Philanthropy can work for the city for more than just fire pits. Suspend fundraising for the new Downtown Library and redirect fundraising efforts to achieve a \$2 million target that would be able to cover operating hours of branch libraries. Some of this amount could be achieved by substituting RSVP-like volunteers for paid staff – subject to applicable labor contract requirements.	\$2,000,000

Savings from Reforms Outlined Above: \$22.5 Million

Increase Expense from Expansion of Internal Audits: (\$400,000)

TOTAL \$22.1 Million

Modification 3: Enhance Internal Audit Function to Protect Taxpayer Funds

At the April 27th meeting of the Audit Committee, I made a motion – which was approved unanimously – to recommend the addition of a Fraud Investigator and three additional Internal Auditors for FY 2010, adding a cost of \$400,000 to the FY 2010 budget. The addition of these internal audit positions is consistent with recommendations from city consultants and the newly-appointed City Auditor. The addition of the Fraud Investigator will allow the city to have a dedicated staff member responsible for the Fraud Hotline.

I firmly believe that the investment in expanded internal audit capacity will actually save taxpayer monies – if not directly in FY 2010, shortly thereafter. It should be noted that due to limited internal staff capacity, the city has had to contract out for performance audits of CCDC and SEDC – at a cost of \$600,000 to the Redevelopment Agency for those studies. In addition, with each internal audit study conducted there are likely to be numerous recommendations for ways to save additional taxpayer funds.

Modification 4: Prepare for FY 2011 Budget Deficit through Immediate Implementation of Management Reforms

The recent review of the FY 2010 proposed budget by the Independent Budget Analyst projects a deficit of at least \$100 million for FY 2011. Given the difficulty of dealing with the \$60 million FY 2010 deficit, the FY 2011 budget demands immediate attention in order to avoid the utilization of hasty, stop-gap budget balancing measures in lieu of structural reform.

In 2006 San Diego voters clearly spoke to their elected leaders in mandating that the City utilize “managed competition” to achieve cost savings and performance improvements. Unfortunately, this reform has met strong resistance from being implemented, and to date, not one taxpayer dollar has been subjected to this voter-approved requirement. I ask that the City Council commit to a specific target of \$10 million of cost savings for the FY 2011 budget from implementation of managed competition. To not move forward with managed competition is a disregard for the will of the voters and inexcusable given the city’s present financial crisis.

As an additional management reform tool, I strongly urge that the eight Business Process Reengineering (BPR) studies that are underway be completed and presented to the City Council as soon as possible for implementation.

Modification 5: Creation of “Citizens Revenue Review and Economic Competitiveness Commission”

I am pleased to join with my colleague Tony Young in proposing a comprehensive study and open dialogue on ways to enhance revenue streams into the city’s budget. I have always believed that raising taxes and gutting city services are not the answers to our city’s budget challenges.

Instead of raising tax rates, city leaders ought to look at economic competitiveness as a way to increase city revenues. Indeed, city revenues increase as the local private sector experiences economic growth, without increasing taxes and fees. For every job that is created in the City of San Diego -- and as the financial fortune of every working family improves -- the city will see increased revenues.

I strongly urge that financial reform efforts continue to allow the City to attract burgeoning industries and foster innovation in the private sector. By convening this Commission, the City Council can fully understand the relationship of private sector success to the city’s ability to attract business, maintain a competitive workforce and provide quality services, and vice-versa.

Attachment A

Working Together We Can Finish the Job of Fiscal Reform
--

Like you, I am encouraged by the significant progress that the Mayor and the City Council have made in the past several months. However, we all recognize the incredible amount of work remaining in reforming city finances. I look forward to working with each of you in dealing with the challenges posed by the current budget process, as well as the already daunting FY 2011 budget process.



City of San Diego

CARL DEMAIO
CITY COUNCILMEMBER –DISTRICT 5

MEMORANDUM

DATE: January 21, 2009
TO: Mayor and City Council
CC: Independent Budget Analyst
FROM: Councilmember Carl DeMaio
RE: Budget Priorities for FY 2010

A handwritten signature in cursive script that reads "Carl DeMaio".

As the FY 2010 Budget Process begins, I appreciate the opportunity to share my budget priorities with my colleagues on the City Council. This memo also lays out the first of three proposals I will offer during this budget process to help balance the FY 2010 budget while putting the city back on a path of fiscal health. I am also looking forward to helping my colleagues find offsetting budget reductions to achieve budget priorities in their districts.

Instead of emphasizing district-specific priorities, this submission highlights my commitment to the restoration of the City's overall fiscal health. A city-wide view is key because the city as a whole faces a financial crisis that threatens the long-term sustainability of programs in each individual council district.

Raising taxes and gutting city services are not the answers to our city's budget challenges. As such I'd like to see the FY 2010 budget reflect four key priorities that collectively are designed to decrease the per-unit operating costs of our city government.

- **Salary Freezes and Furloughs:** Instead of targeting service levels for cuts (reducing library hours, closing recreation facilities, etc.) the City should commit to no raises nor step increases in the FY 2010 labor contracts. In addition, the labor contracts should include language granting the Mayor the authority to structure a program he sees fit to impose up to 96 hours of unpaid furloughs for individual employees during FY 2010. This authority would be granted for FY 2010 alone and would apply to all city employees with the exception of sworn police officers and active firefighters and lifeguards.

Cost savings from 48 hours of furloughs should be calculated into the budget projections for FY 2010, with the remaining 48 hours being used only if a mid-year deficit occurs—

Attachment A

and triggered completely at the discretion of the Mayor. Having language already negotiated and included as part of the labor contract will be key to implementing this cost-saving reform.

Including this provision in our FY 2010 budget and associated labor contracts will save up to **\$7.3 million**.

- **Reform Employee Fringe Benefits:** At the January 7th Budget and Finance Committee meeting, I presented data that broke down the costs of “Fringe Benefits” awarded to city employees (See Attachment 1). As a whole, the City’s Fringe Benefit rate is a whopping 61.28% of total payroll. I ask that the Mayor and City Council commit to reduce the fringe benefits packages awarded to city employees to bring our total costs in line with national averages.

In achieving savings under this priority, the Mayor and City Council should consider the following reforms:

- Reform of the employee “offset” retirement contributions¹ (**\$40.1 million in FY 2009**)²
- Reduction of the flat allowances for health care benefits (**\$59 million in FY 2009**)
- Elimination or reduction of the City’s SPSP contributions. (**\$24 million in FY 2009**)³

Depending on which mix of fringe benefit reforms are enacted, we can achieve **\$25-40 million** in savings in FY 2010 alone.⁴

In addition to the reforms above, the Mayor and City Council should commit to additional reforms in pension and retiree health benefits that will impact the costs for these benefits in FY 2010 and beyond. At the least, the Mayor and City Council should eliminate the DROP benefit for individuals not already enrolled in the program and reform the interest credited to DROP accounts to match a five year average CD rate.

- **Implement Managed Competition:** In 2006 San Diego voters clearly spoke to their elected leaders in mandating that the City utilize “managed competition” to achieve cost savings and performance improvements. Unfortunately, this reform has met strong resistance from being implemented—some of it coming from the City Council itself. Not one taxpayer dollar has been subject to this voter-approved requirement. I ask that

¹ The vast majority of retirement plans feature a contribution from the employer (ie. The City) and the employee (city worker). The City of San Diego engages in the costly practice of paying a portion of the employee’s required contribution. This program is known as the retirement “offset” contribution.

² Consistent to a recent settlement with the Municipal Employees Association on this issue, should the City not be able to reform this benefit, additional salary and staff reductions would have to be made.

³ The SPSP system was originally created to “replace” Social Security when the City opted out of the system in the 1980s. However, SPSP is no longer required by the IRS as the City’s defined benefit pension plan provides more than the required income to allow the elimination of SPSP in accordance with IRS guidelines.

⁴ Includes General Fund, Enterprise Funds, Special Funds.

the City Council commit to a specific target of cost savings in the FY 2010 budget from implementation of managed competition. To not move forward with managed competition is a disregard for the will of the voters and inexcusable given the city's present financial crisis.

- **Accelerate CCDC Payback of Redevelopment Dollars:** Redevelopment downtown under the Center City Development Corp. has been a stunning success. Over the years tax increment has been collected by CCDC to jumpstart development by subsidizing projects of specific interests. It is now time for CCDC to emphasize uses of its tax increment that serve the public interest.

CCDC's repayment of CDBG loans should be accelerated to begin in FY 2010—with proceeds from this repayment covering ADA projects in qualifying areas. This repayment strategy will free up scarce infrastructure dollars for bona fide deferred maintenance projects. In the coming weeks my office will research and share additional ideas on how CCDC can help serve the broader, public interest during this fiscal crisis.

Proposed Expenditure Reductions: FY 2012			
	General Fund	Other Funds	Total
Salary Freezes and Furloughs	\$3.65 M		
Reform "Offset" Contributions (1)	\$28.1 M	\$11.9 M	\$40 M
Reduction of flat allowances for health care benefits	\$3.5 M	\$1.5 M	\$5 M
Elimination or Reduction of SPSP contributions	\$16.9 M	\$7.1 M	\$24 M
	≈ \$52 M	≈ \$20 M	≈ \$69 M

1 Consistent with a recent settlement with the Municipal Employees Association (MEA) on this issue, should the City now be able to reform this benefit, additional salary and staff reductions would have to be made.

2 Proportional Values for General Fund and other are archaically approximated using the proportion of General Fund positions in the FY 2009 adopted budget.

As the budget process proceeds and we receive the Mayor's proposed FY 2010 budget, I will provide additional cost saving options to help balance our city's budget and restore its long-term fiscal health. I look forward to working with my colleagues throughout the coming year in incorporating each Councilmember's individual priorities in the ultimate budget we adopt.

Attachment A



COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: May 4, 2009

TO: Councilmember Tony Young, Chair, Budget & Finance Committee

FROM: Councilmember Donna Frye

SUBJECT: Potential Cost Savings for Fiscal Year 2009-2010

For the purpose of discussion during the City Council's budget review process, below is a list of potential cost savings for the upcoming fiscal year:

Potential Cost Savings:

- **Retroactive Pension Benefits:** Explore options to reduce/eliminate costs associated with retroactive benefits (potential estimated savings to the unfunded liability: \$200 million +);
- **DROP:** Enforce program being revenue neutral;
- **Beach Kelp Removal:** Eliminate the program;
- **Redevelopment Agency Consolidation:** Tens of millions of dollars annually could be saved by consolidating CCDC and SEDC into the City Redevelopment Agency. According to the proposed FY10 CCDC budget alone -- \$159,548,000 -- more than triples that of the city agency, which, with \$46,765,000 budgeted for FY10, manages 17 redevelopment areas, including large ones such as Grantville and Crossroads. The city Redevelopment Agency has 29 staff positions budgeted for FY10, with personnel expenses of \$3,226,546. That staffing is far exceeded by CCDC, with 52.5 positions and \$6,424,000 in personnel costs budgeted for FY10. SEDC has 15.5 positions and \$1,452,600 in personnel expenses budgeted for FY10;
- **Contract renegotiation with Chargers, Padres and SDSU:** Renegotiate current contracts to realize full cost recovery for city services provided at events held at Qualcomm Stadium and Petco Park by the above entities;
- **Revenue Producing Services:** As discussed in last year's budget revision, explore adding revenue producing services (such as passport photos) at local library branches, eliminated with the closures of the Community Service Centers;
- **Purchase of Service Credits:** Amend Municipal Code to allow unclassified employees to adjust their prior Purchase of Service Credits to the current rate charged by SDCERS or reduce the amount of years purchased to reflect the current pricing levels.

cc: Honorable Mayor and City Councilmembers
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst



COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: May 26, 2009

TO: Councilmember Tony Young, Chair, Budget & Finance Committee

FROM: Councilmember Donna Frye

SUBJECT: Budget Priorities for Fiscal Year 2010

For the purpose of discussion during the City Council's budget review process, below is a list of projects for which full or partial funding is available and should move forward over the course of FY 2010.

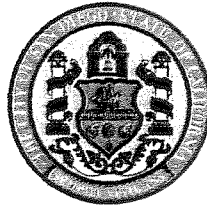
Specific Programs:

- **San Diego River Park Pedestrian and Bike Pathways (CIP 58-191.0):** Partial funding has been identified through the San Diego River Park Conservancy, as such the city should continue to search for additional funding to complete the project. The total project cost is \$1.4 million, with only \$540,000 unfunded. Since this project is TRANSNET approved and ready to be built it could also be eligible for economic stimulus funds;
- **San Diego River Park Master Plan:** Complete Environmental Impact Report and implement the Master Plan. The total project cost is \$1.63 million and is completely funded;
- **Mission Valley Fire Station (CIP 33-090.0):** The total estimated cost for Mission Valley's long-promised permanent fire station, Station 45, is \$10,951,400, there is an existing funding gap of \$6,822,708 for the station. The city should apply for the "Assistance to Firefighters Grant" through the stimulus package to complete funding for this critical project;
- **Sefton Field Ballpark (CIP 29-911.0):** Continue planning to develop park and seek additional funding. The project has a total cost of \$1 million, \$500,000 of which has been identified;

Attachment A

- **Turfing projects at Wegeforth and Angier Elementary Schools Joint-use Parks:** All funding has been identified, project should continue to move forward:
 - Wegeforth Joint-Use Park (CIP 29-903.0): \$1.99 million
 - Angier Joint-Use Park (CIP 29-901.0): \$1.73 million
 - Cabrillo Heights Improvements (CIP 29-902.0): \$678,000
- **Balboa Avenue Median Project:** Prioritize the construction of phase II of the Kearny Mesa (all funds have been identified) and complete median project at Balboa Ave/Mt. Abernathy. Total project funding is \$2.83 million and all funding has been identified;

cc: Honorable Mayor and City Councilmembers
Honorable City Attorney
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, COO
Wally Hill. Assistant COO



City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT SEVEN

M E M O R A N D U M

DATE: April 30, 2009 **REF:** M-09-04-15
TO: Budget Committee Chair Tony Young
FROM: Councilmember Marti Emerald 
SUBJECT: FY10 Budget Priorities

While the Mayor's budget proposal eliminates the projected deficit of \$62.6 million through employee concessions, fee increases and the use of reserve funds, it does not meet the challenge of reducing the administrative and programmatic excesses that contribute to the structural deficit. I appreciate the initial efforts of the Mayor to balance the upcoming budget, but I do not agree with the premise of using one time reserve funds to balance the budget. I believe that we need to make structural reductions in City Departments so that we may realize ongoing savings rather than one time efficiencies.

In this spirit, I am asking my colleagues to support my initiative to find additional savings in the budget equivalent to \$22.1 million (the reserves that the Mayor proposes to spend). I call this initiative EAR (Eliminate, Absorb or Reduce). Specifically what I have in mind is asking each department/program head to identify two significant items in their department budget that can be Eliminated, Absorbed into another function, or Reduced. Hopefully, the departments' EAR items would make up the majority of the remaining cost reductions needed for FY10 of \$22.1 million. This would allow the reserve funds to stay as reserves in contemplation of future challenges.

This Council took a historic step with the recent labor negotiations and now we must, as a Council, continue our efforts to reduce costs in order to eliminate the deficit. In addition, by using the EAR program, we will be securing structural reductions which will become savings that we will see in future years, reducing our future deficits.

I know that the Mayor and his staff have worked diligently to produce their proposed budget; I request that they work with the Council to make additional fiscally prudent reductions in this year's budget so that we will be better positioned for next year's challenge.

Attachment A

Lastly, I wholeheartedly support a dialogue with our citizens this year so that we can once and for all determine what City services they are willing to support and what services they are willing to do without in future years. I believe that this dialogue would be most productive thru the use of a Citizens Advisory Task Force on City Services.

I have attached an EAR form that I will be distributing to department managers as we discuss their budgets over the next two weeks.

Attachment: ERA Form

Cc: Mayor Sanders
City Council Members
City Attorney Goldsmith
IBA Tevlin
City Clerk Maland

LEND THE CITY COUNCIL YOUR E.A.R.



Department _____ Manager _____

Eliminate: _____

Cost savings: \$ _____

Absorb: _____

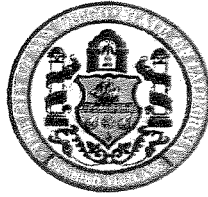
Cost savings: \$ _____

Reduce: _____

Cost savings: \$ _____

**Please return to Councilmember Marti Emerald and cc: Budget Committee Chair
Tony Young by May 15, 2009**

Attachment A



City Of San Diego
COUNCILMEMBER MARTI EMERALD
DISTRICT SEVEN

M E M O R A N D U M

DATE: May 8, 2009 REF: M-09-05-03
TO: Budget Committee Chair Anthony Young
FROM: Councilmember Marti Emerald
SUBJECT: Budget Expense Reductions

My approach to a Balanced Budget and needed savings in Fiscal 2010

As I have said previously, we need to Eliminate, Absorb and Reduce spending to cover the \$22 Million in reserves the Mayor's office suggests we tap to cover our anticipated budget deficit in the coming fiscal year.

The best place to start is at the top and then work our way down. The Mayor's office has hired excess administration of questionable value to the City. Some examples are the Assistant COO, Manager of Special Projects, and the new Program Manager for the Economic Growth Department. At a time when the balance of City Departments has labored under a hiring freeze, the Mayor's office has continued to add to his staff, among the highest paid in our City Government.

I would also ask the Mayor to cut spending in the Community and Legislative Services Office. Like the International Space Station, this department keeps growing, adding new modules and expensive new positions. The FY10 budget shows a staff increase of 25%. In the spirit of open government, I believe the mayor's office budget should be a true reflection of the employees under the Mayor's immediate direction. Even the Mayor's Confidential Secretary is included in the Community and Legislative Services Department. We're certainly not opposed to the Mayor having a Confidential Secretary but list the position in the Mayor's budget

With regard to the issue of administrative and management increases, I request the Independent Budget Analyst to give us the latest accounting of the Administrative and Management positions citywide added into the Fiscal 2010 budget.

Attachment A

The easiest cuts to make are the positions not yet filled. If we need more management we should be promoting existing employees, not creating new positions.

Citywide, the \$22 million we are looking for translates to a 2% cut across the budget. In my memo dated April 30, I asked every Department to find that 2% savings. We even attached a form that is easy to understand and fill out. So far my office has received one response.....from the Ethics Commission, listing cuts they have already made.

In the spirit of helping our City move forward with its reserves intact, we ask each Department to make its cuts voluntarily or the City Council is likely to sharpen its blue pencils and make the cuts from line item budgets. This should not be a difficult task in that City Employees and the public already have shared hundreds of ideas during the San Diego Speaks process. They are listed in a memo released by San Diego's Financial Management Director January 22, 2009.

Great ideas from people on the front line and people who care about the quality of City services, San Diego spoke, who is listening?

The following initiatives are my suggestions for looking towards the FY11 budget:

- Examine "burn rates" involving unspent monies.
- Invest in Employee Development and create a Job Bank so our existing employees can advance in their careers and help us reduce our dependence on high priced consultants.
- Create a new business model for our Channel 24 television program that would allow this office to be cost neutral.
- Implement BPR's

CC: Honorable Councilmembers
Mayor Jerry Sanders
IBA Andrea Tevlin

Attachment A




COUNCIL PRESIDENT BEN HUESO

City of San Diego
Eighth District

MEMORANDUM

DATE: May 1, 2009

TO: Councilmember Tony Young
Chair, Budget & Finance Committee

FROM: Council President Ben Hueso 

RE: 2010 Budget Recommendations

Thank you for your leadership as Chair of the Budget & Finance Committee and for successfully conducting the "San Diego Speaks" meetings. Although FY2010 will be a difficult budget year, it is important to ensure that San Diego residents continue to receive the basic services from their city government. Accordingly, my recommendations for FY2010 are as follows:

Engineering & Capital Projects

- Allocate funding for new sidewalks for the purpose of creating safe routes to school
- Recommend the community of Nestor be added to the list

Fire-Rescue

- Support the new fire station alerting system for all fire stations to increase the effectiveness of emergency response notification
- Support increasing the size or number of academies if staffing levels significantly decrease
- Fill the two vacant positions in brush management to proactively assist in the prevention of wildfires
- Recommend that Fire Station 43 maintains fully staffed

General Services

Deferred maintenance/capital improvements

- Allocate \$32.2 million for deferred maintenance and capital improvements; provide Council with the list for review and input
- Recommend that the Villa Montezuma and Memorial pool be included in the list for restoration

Streets/facilities maintenance

- Support funding for maintenance and repair of streets and city facilities to prevent further deterioration and related increased costs

Attachment A

- The list proposed for Proposition 42 funding and the \$103M in lease revenue bonds should be provided to the Council as soon as possible
- Recommend the floor at the San Ysidro Senior Center is included in the list of repairs

Pension

- Prioritize payments to the pension in the amount of \$125.3 million

Library

- Support keeping our libraries open and maintaining current hours of operation
- Consider restoring the youth services librarian positions lost in previous fiscal years, particularly for the Otay Mesa/Nestor library

Parks and Recreation

- Restore pool manager II, pool manager III, and .34 supervising recreation specialist lost in mid-year 2009
- Restore supervisorial positions for skate parks as the losses have created a public safety concern for skateboarders and neighboring residents
- Recommend supervision at Memorial skate park is restored

Special Promotional Programs

- Recommend maintaining Mayoral and Council allocations for district events which need our support during these difficult economic times

Stormwater

- Add enforcement officers, on a temporary basis, to get the best results possible for the Street Sweeping Pilot study that is to be completed in June 2010
- Support the IBA's recommendation to discuss the ability of this department to expend all budgeted and encumbered monies from previous fiscal years

Police Department

- Recommend the City amend the current MOU with the County to pay booking fees for the actual number of jail beds used by the City rather than a fixed cost
- Prioritize discussion to amend Proposition 172 locally or statewide to give the City more control over monies used for public safety

Thank you for your consideration. I look forward to working with you on a successful budget process.

cc: Honorable Mayor Sanders
Honorable Councilmembers
Honorable City Attorney
Andrea Tevlin, IBA
Jay Goldstone, COO



CITY OF SAN DIEGO
M E M O R A N D U M

DATE: May 18, 2009

TO: Honorable Council President Ben Hueso and Members of the City Council

FROM: Jay M. Goldstone, Chief Operating Officer *[Signature]*
Mary Lewis, Chief Financial Officer *[Signature]*

SUBJECT: Mayor's May Revision to the Fiscal Year 2010 Proposed Budget

This memorandum represents the Mayor's recommended revisions to the Fiscal Year 2010 Proposed Budget (May Revision). It reflects the impacts of an ever weakening economy with projected lower property tax and Transient Occupancy Tax (TOT) revenues, the effects of the recently concluded labor negotiations, and general adjustments to various departments that have arisen between the time the Fiscal Year 2010 Proposed Budget was released and today. While General Fund revenues from property taxes, property transfer taxes and TOT are projected to decline an additional \$22.8 million, the May revised General Fund budget is being reduced by a net \$17.4 million. The General Fund remains balanced and the following summary outlines the significant adjustments to the budget. An overall summary of adjustments is reflected in *Attachment 1*.

OVERVIEW

Personnel Adjustments

A net total of 20.41 Full Time Equivalent (FTE) positions in the General Fund are being reduced in the May Revision (Citywide net position reduction is 10.41). The City Attorney's Office has requested adding 2.00 FTE Deputy City Attorney positions to provide additional legal services for the Redevelopment Agency and to support the Code Compliance Unit. Both of these positions are cost-recoverable from non-General Fund dollars. The Park & Recreation Department is restoring 2.34 FTE positions to achieve full-time pool staffing levels. These staff are working full-time and their current full-time status is being added back to the budget until the meet and confer process with the labor unions can be completed. Per the request from Council District 2, the City Council Office is reducing 1.00 FTE Council Representative in Council District 2 to be consistent with the number of positions in the other Council Districts. The City Planning & Community Investment (CPCI) Department is adding 1.25 FTE positions dedicated to the Historical Resources function. The Fire-Rescue Department will be reducing a net total of 23.00 FTE positions due to the reduction of the D Division (24.00 FTE positions) per the Local 145 labor agreement, and 1.00 FTE Information Systems Administrator position is being added as a transfer from the San Diego Police Department. The Police Department is reducing 1.00 FTE Agent due to a position reclassification, and 1.00 FTE Information Systems Administrator position which is transferring to the Fire-Rescue Department.

Attachment B

Page 2

Honorable Council President Ben Hueso and Members of the City Council
May 18, 2009

The Water Department is adding 10.00 limited FTE positions to support and implement the Drought Response Level 2 mandatory water use restrictions.

Revenues

The Fiscal Year 2010 General Fund revenue projections have been reduced. The projected revenues from property tax, property transfer tax, and Transient Occupancy Tax (TOT), have been reduced by a combined total of \$22.8 million. Revised property tax revenue is based on updated information provided by the San Diego County Assessor's Office on the total City assessed valuation growth for the City of San Diego for Fiscal Year 2010, as well as lower property tax revenues expected to be received in Fiscal Year 2009 as described in the Fiscal Year 2009 year-end report. Other revenue projections have also been revised to reflect the most current data available.

Appropriations

The Fiscal Year 2010 Proposed Budget included \$29.8 million in projected concessions from labor organizations as well as from unclassified and unrepresented employees from Mayoral and non-Mayoral staff. This represented the conservative end of the projected savings from the labor concessions. Staff has now allocated the actual savings by classification based upon agreements reached with the International Association of Firefighters Local 145 (IAFF Local 145), the Municipal Employees Association (MEA), and the Deputy City Attorneys Association (DCAA) labor unions, as well as imposed on the Police Officers Association (POA) and the American Federation of State, County, and Municipal Employees Local 127. The additional adjustment to the General Fund in the May Revision is a reduction of \$3.2 million in appropriations and a redistribution of the budgeted contingency allocation.

Expenditure reductions in equipment outlay totaling \$1.1 million in the General Fund are reflected in the May Revision for the Police, Fire-Rescue, Park & Recreation, and General Services Departments. In addition, an expenditure reduction of \$6.4 million in contractual services is reflected in the General Fund budget for the Storm Water Department. This reduction is due to the spending cycle of the department.

GENERAL FUND REVENUES

Property Tax

Revenue Adjustment: *(\$16,717,360)*

The revised property tax revenue budget of \$382.6 million is based on the updated total city assessed valuation growth for the City of San Diego provided by the San Diego County Assessor's Office. This revised growth rate warranted a negative revenue adjustment of \$16.7 million, from \$399.3 million, based on the decline the city and county-wide housing market has experienced, including a large number of reassessment applications that is creating this negative growth in the total assessed valuation for the City.

Page 3

Honorable Council President Ben Hueso and Members of the City Council
May 18, 2009

Property Transfer Tax

Revenue Adjustment: (\$1,498,971)

Based on the latest information from the County Assessor's Office on the current property transfer tax distributions and the latest Fiscal Year 2009 year-end projections, property transfer tax revenue has been revised downward from \$6.0 million to \$4.5 million.

Tobacco Settlement Revenue (TSR)

Revenue Adjustment: \$1,329,293

In Fiscal Year 2009, Tobacco Settlement Revenues (TSR) will exceed the \$10.1 million securitized in Fiscal Year 2006 by \$1.3 million based on the amount held in the Delaware Trust which receives all surplus above the annually pledged amount. The City is entitled to receive TSR revenue above the \$10.1 million and the \$1.3 million is included in the May Revision.

Transient Occupancy Tax (TOT) - General Fund

Revenue Adjustment: (\$2,876,431)

Council Policy 100-03 stipulates that 5.5 cents of every 10.5 cents of TOT collected be used for general governmental purposes. Based on a continued slowdown in the tourism industry and projected lower current fiscal year Transient Occupancy Tax (TOT) receipts, the General Fund TOT revenue budget for Fiscal Year 2010 has been lowered to \$75.9 million from the Proposed Budget amount of \$78.3 million for a total reduction of \$2.4 million.

Due to expectations of reduced TOT revenues and other adjustments described in the "Special Promotional Programs TOT" section of this memorandum, a reduction will be made to the transfer of the one-cent of City Council discretionary TOT funds, which is authorized by Council Policy 100-03 and can be used for any purpose. Currently, the Fiscal Year 2010 Proposed Budget transfers \$14.0 million of TOT from the Special Promotional Programs Fund to the General Fund. The revised General Fund TOT transfer in Fiscal Year 2010 will be \$13.6 million, or a reduction of \$442,528.

Reimbursements of Services – TOT Revenue

Revenue Adjustment: (\$1,709,167)

In addition, a total reduction of \$1.7 million in General Fund revenue is included in the May Revision for reimbursements of services that enhance or support tourism. The table below shows the departments affected by this reduction.

Department Title	Reduction
Police	\$ (1,096,145)
Storm Water	(350,000)
Park and Recreation	(135,522)
Environmental Services	(58,500)
General Services	(50,000)
Community and Legislative Services	(19,000)
TOTAL	\$ (1,709,167)

Attachment B

Page 4

Honorable Council President Ben Hueso and Members of the City Council

May 18, 2009

Trolley Extension Reserve Fund Transfer

Revenue Adjustment: \$2,847,906

The Fiscal Year 2009 Debt Service payment for the 1994 City/MTDB Authority Lease Revenue Bonds (1994 Refundings) was budgeted at \$2.8 million. Due to the final lease payment occurring on May 30, 2009, the trustee released funds from the reserves to cover the second debt service payment of \$2.8 million. As a result, the Fiscal Year 2009 appropriations totaling 2.8 million will be released. This amount is included as a transfer to the General Fund in the May Revision. Similar to the release of the internal stabilization reserves and the funds from the Library System Improvement Fund, an ordinance amending the Municipal Code will be required since the debt service payment was established with TOT revenue. Finance staff will be requesting a separate action to City Council for a Municipal Code change to allow these transfers to occur to balance the Fiscal Year 2010 budget.

PC Replacement Fund Transfer

Revenue Adjustment: \$705,593

A transfer of \$705,593 from the Microcomputer Replacement Fund (\$414,943), the Personnel PC Reserve Fund (\$190,451) and the Auditor's PC Reserve Fund (\$100,199) is included in the May Revision. These funds are unnecessary and are being closed since the General Fund PC Replacement Fund is adequately funded in the Fiscal Year 2010 Proposed Budget for PC replacements. Multiple funds for this purpose are not required.

RESERVES and OTHER CITY-WIDE CONSIDERATIONS

Information Technology (IT) Interfund Transfer Allocation Adjustment

Revenue Adjustment: (\$1,299,997)

General Fund Expenditure Adjustment: (\$657,385)

Non-General Fund Expenditure Adjustment: (\$642,673)

The city-wide IT Interfund Transfer allocations have been revised due to rate reductions associated with the use of available fund balance in the Information Technology Fund. The total IT Interfund Transfer revenue reduced from the Department of Information Technology is \$1.3 million. The expenditure reduction to the General Fund departments is \$0.7 million and \$0.6 million to the Non-General Fund departments.

Information Technology Rate Adjustments

General Fund Expenditure Adjustment: (\$334,180)

Non-General Fund Expenditure Adjustment: (\$864,623)

Based on the 6% reduction in personnel expenditures taken by San Diego Data Processing Corporation (SDDPC), departmental information technology budgets were reduced. The expenditure adjustment to the General Fund departments is a decrease of \$0.3 million and to the Non-General Fund departments, a decrease of \$0.9 million.

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Motive Equipment Usage Allocation Adjustment

Fleet Services Division Revenue Adjustment: (\$3,766,773)

General Fund Expenditure Adjustment: (\$2,160,594)

Non-General Fund Expenditure Adjustment: (\$863,707)

The city-wide Motive Equipment Usage allocations have been revised due to rate reductions associated with the use of fund balance in the Fleet Services Fund. In Fiscal Year 2009, the Fleet Fund is projecting to end the year with an estimated \$6.0 million surplus. As a result, the city-wide Motive Equipment Usage Allocations in the Fiscal Year 2010 have been reduced by \$3.0 million in the May Revision. The expenditure adjustment to the General Fund departments is a decrease of \$2.2 million and to the Non-General Fund departments, a decrease of \$0.9 million. The total Motive Equipment Usage revenue reduced from Fleet Services Division is \$3.8 million. In addition, a fuel reserve of 17% of the total Fiscal Year 2010 fuel budget, or 2.9 million, will be created to fund unanticipated increases in fuel costs in the future.

Wireless Communications Transfer Allocation Adjustment

Revenue Adjustment: (\$594,821)

General Fund Expenditure Adjustment: (\$582,725)

Non-General Fund Expenditure Adjustment: (\$167,272)

The city-wide Wireless Communications Transfer allocations have been revised due to rate reductions associated with the use of available fund balance in the Wireless Communications Technology Fund.

The total Wireless Communications Transfer revenue reduced from Communications Division is \$0.6 million. The expenditure reduction to the General Fund departments is \$0.6 million and \$0.2 million to the Non-General Fund departments.

Risk Management Administration

Risk Management Revenue Adjustment: (\$664,836)

General Fund Adjustment: (\$561,221)

Non-General Fund Adjustment: (\$225,716)

The Risk Management Administration expenditure was reduced as a result of the impacts from labor negotiation concessions and additional fund balance available to offset the rate.

Flexible Benefits Fringe Adjustment

General Fund Adjustment: (\$425,703)

Non-General Fund Adjustment: (\$251,714)

The Fiscal Year 2010 Proposed Budget included estimates for flexible benefits costs that have been revised. As a result, the May Revision includes a reduction of \$0.7 million to more accurately reflect expected actual costs.

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Budgeted Fringe Rate Allocation Adjustment

As a result of salary and position adjustments, a city-wide fringe rate adjustment will be necessary to ensure the Annual Required Contribution (ARC) payment of \$154.2 million to SDCERS is fully allocated in the final budget for Fiscal Year 2010. An adjustment of budgeted fringe, including the ARC allocation, to all departments, will be necessary to confirm that fringe allocations are wholly budgeted and that the expense is appropriately distributed.

Labor Concession Adjustments

General Fund Concessions: (\$33,005,936)

General Fund Place Holder: (\$29,843,536)

FTE Adjustment: (24.00)

General Fund Total Adjustment: (\$3,162,400)

Non-General Fund Adjustment: (\$10,882,993)

In order to balance the Fiscal Year 2010 General Fund budget, the City sought approximately \$30 to \$32 million in concessions from its labor organizations via contract negotiations as well as from unclassified and unrepresented employees from Mayoral and non-Mayoral personnel. The City engaged in these negotiations with its five recognized labor organizations from late January 2009 through early April 2009. On April 14, 2009, Mayor Sanders announced to City Council that he achieved tentative agreements with the International Association of Firefighters Local 145 (IAFF Local 145), the Municipal Employees Association (MEA), and the Deputy City Attorneys Association (DCAA) labor unions.

The Mayor declared an impasse with the Police Officers Association (POA) and the American Federation of State, County, and Municipal Employees Local 127 (AFSCME Local 127). In accordance with Council Policy 300-06 Section VII, the impasse was established and the process was in full compliance of the Meyers-Milias Brown Act. The Mayor's request to City Council to impose the last and final best offer to these labor unions was approved. The terms of the agreements and impasse summaries that produce a budgetary impact to the Fiscal Year 2010 budget are detailed in *Attachment 2* under the Mayor, and *Attachment 3* displays the labor concessions for non-Mayoral personnel.

On May 5, 2009, the Mayor introduced the Fiscal Year 2010 Salary Ordinance in a form consistent with the existing Memorandum of Understandings with the three recognized labor organizations, as well as made recommendations to the City Council in respect to the salaries and benefits for personnel in unrepresented and unclassified classes. The introduction of the Fiscal Year 2010 Salary Ordinance was accepted by City Council and is scheduled for adoption by the end of May 2009.

The additional reduction to the General Fund is \$3.2 million, which is net of the projected labor concession allocation of \$29.8 million included in the Fiscal Year 2010 General Fund Proposed Budget. The total reduction to the Non-General Funds is \$10.9 million. The budgetary impacts to

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each General Fund department are listed in *Attachment 4*, and Non-General Fund departments are listed in *Attachment 5*.

DEPARTMENTAL ADJUSTMENTS

City Planning & Community Investments (CPCI)

FTE Adjustment: 1.25
General Fund Revenue Adjustment: \$185,472
General Fund Expenditure Adjustment: \$122,848

Funding of Positions for Historical Resources

Addition of 1.00 FTE Associate Planner position to review approximately 90 projects per month for structures over 45 years old for historical significance. This position is fully cost-recoverable. An additional 0.25 FTE Senior Planner position dedicated to the Historical Resources section is also being added to correctly appropriate 1.00 FTE position, which is currently budgeted at 0.75 FTE.

Historical/Mills Act Fees

On December 2, 2008, the City Council approved the implementation of the new Historical/Mills Act fees via Resolutions 304532 and 304533. Revenue increases of \$16,400 and \$74,200 are included in the May Revision to reflect the newly approved fees in these resolutions.

Development Services Department (DSD): Non-General Fund

Expenditure Adjustment: (\$182,000)

This adjustment reflects a reduction of \$182,000 in special pay expenses associated with the transfer of 15.00 FTE positions to the Fire-Rescue Department in the Fiscal Year 2010 Proposed Budget for the Fire Plans Check Program.

Library

General Fund Expenditure Adjustment: (\$350,000)

This adjustment reflects a reduction of \$350,000 in the amount transferred to the Library Operating and Maintenance Fund.

Park & Recreation Department

FTE Adjustment: 2.34
General Fund Expenditure Adjustment: (\$270,493)

Position Restoration and Offset

A reduction of \$18,000 in non-personnel expenditures (NPE) and an additional increase of Vacancy Savings of \$121,244 are included in the May Revision to restore 1.00 FTE Swimming Pool Manager II position, 1.00 FTE Swimming Pool Manager III position, and 0.34 FTE Supervising Recreation Specialist position in order to achieve full-time pool staffing levels. The City conducted a Meet and

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Confer process with labor, but there was no agreement to reduce the positions from full-time to part-time. Staff remains at full-time status until this can be negotiated. The adjustment makes the positions whole budgetarily to correct their current supplement status for part of their effort.

Reduction in Contractual Services

The City of San Diego will not participate in the SANDAG Regional Beach Sand Project. Funding in the amount of \$102,000 that was included in the proposed budget has been eliminated in the May Revision.

Reduction in Equipment Outlay

This adjustment reflects a reduction of \$200,000 in the Developed Regional Parks Equipment Outlay budget, which is used for equipment replacement and equipment acquisitions.

Park & Recreation Department – Non-General Fund

Revenue Adjustment: \$18,087

A revenue increase of \$18,087 is included in the May Revision to reflect a CPI (cost of inflation) adjustment for the El Cajon Boulevard Maintenance Assessment District (MAD).

NON-MAYORAL DEPARTMENTS

City Attorney

FTE Adjustment:	2.00
General Fund Revenue Adjustment:	\$74,435
General Fund Expenditure Adjustment:	\$268,090

Deputy City Attorney Positions

Addition of 1.00 FTE Deputy City Attorney to support additional legal services for the Redevelopment Agency. The cost of the position will be reimbursed through a Service Level Agreement (SLA) with the Redevelopment Agency. An additional 1.00 FTE Deputy City Attorney will be dedicated to the Code Compliance Unit to be funded from civil penalties revenue. The DCA will be responsible for enforcing the City's Vacant Properties Program which holds owners of vacant properties responsible for securing the properties, taking steps to prevent the properties from becoming havens for criminal activity, and rehabilitating the properties.

Recovery of Labor Costs

This adjustment reflects an increase in revenue of \$231,531 associated with the recovery of labor costs for all Full Time Equivalent (FTE) positions covered in the SLA with the Redevelopment Agency.

DSD Service Level Agreement

Additional legal services provided by the City Attorney's Department are no longer needed. As a

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result, revenue associated with the SLA is decreased by \$424,238.

City Auditor

General Fund Expenditure Adjustment: ***(\$730,568)***

Salary Adjustment of Vacant Principal Auditors

The salaries and variable fringe for two vacant Principal Auditor positions were increased by \$19,432 to support adequate compensation for recruited positions.

Fiscal Year 2010 Audit

The Fiscal Year 2010 Proposed Budget included \$1.0 million in funds for the Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR) Audit. A decrease of \$750,000 is included in the May Revision since only a portion of the audit will be conducted before the fiscal year-end.

City Council

FTE Adjustment: ***(1.00)***

General Fund Expenditure Adjustment: ***\$0***

The City Council Office is reducing 1.00 FTE Council Representative in Council District 2 to be consistent with the number of positions in the other Council Districts.

OFFICE OF THE ASSISTANT COO

Purchasing & Contracting

General Fund Revenue Adjustment: ***(\$90,000)***

General Fund Expenditure Adjustment: ***(\$161,830)***

Revenue for SAP Position

Revenue Account 79128 was set-up to capture revenue from a position that was working on the OneSD implementation. Since this position will no longer be working on the OneSD implementation and will be returning to the Purchasing & Contracting Department, the budgeted revenue of \$90,000 attributable to this position is removed in the May Revision.

OPIS Expenditures

A reduction of \$161,830 is associated with double budgeting of expenditures for the On-Line Purchasing Information System (OPIS), which are included in the department's IT budget.

OFFICE OF THE CHIEF FINANCIAL OFFICER

City Treasurer

General Fund Revenue Adjustment: ***\$593,001***

This reflects business license revenue originally anticipated to be collected in Fiscal Year 2009 that will now be collected in Fiscal Year 2010. This adjustment has already been reflected in the Fiscal Year 2009 year-end projections. Therefore, a revenue increase of this amount is included in the May

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Revision.

Citywide Program Expenditures

General Fund Expenditure Adjustment: (\$168,650)

Preservation of Benefits

Based on updated projections by the San Diego City Employees' Retirement System (SDCERS), Preservation of Benefits expenditures have been increased by \$275,000.

Property Tax Administration

This adjustment represents an increase in administrative costs of \$500,000 for supplemental property tax bills.

Transfer to the Tax Revenue Interest Anticipation Notes (TRANS) Fund

The estimated TRANS issuance for Fiscal Year 2010 is \$144.6 million with an estimated net cost to the General Fund of \$1.3 million. The General Fund is responsible for the cost since cash is needed before the first property tax payment is received in December. The Fiscal Year 2010 Proposed Budget included a transfer of \$2.3 million to the TRANS Fund. A reduction of \$943,650 is included in the May Revision based on the TRANS projected net cost of \$1.3 million in Fiscal Year 2010.

PUBLIC SAFETY and HOMELAND SECURITY

Fire-Rescue Department

FTE Adjustment: 1.00
General Fund Revenue Adjustment: \$78,665
General Fund Expenditure Adjustment: \$138,381

Support for Fire Fighter III Position

Personal Expenditures of \$233,000 have been allocated to support the reclassification of approximately 141.00 FTE Fire Fighter II to Fire Fighter III projected to occur six months into the fiscal year.

Special Pay for Transferred Positions

An increase of \$182,000 in special pay expenditures associated with the transfer of 15.00 FTE positions from the Fire-Rescue Department for the Fire Plans Check Program is included in the May Revision.

Information Systems Administrator

An addition of 1.00 FTE Information Systems Administrator and associated personnel expenditures totaling \$123,381 is included in the May Revision as a result of the transfer of this position from the San Diego Police Department.

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Special Events Fees

A revenue increase of \$78,665 is included in the May Revision to account for updates to Special Events Fees and revised rate adjustments.

Reduction in Equipment Outlay

This adjustment reflects a reduction of \$400,000 in the Fire-Rescue Equipment Outlay budget which is used for equipment replacement and equipment acquisitions.

Police Department

<i>FTE Adjustment:</i>	<i>(2.00)</i>
<i>General Fund Expenditure Adjustment:</i>	<i>(\$1,519,603)</i>
<i>General Fund Revenue Adjustment:</i>	<i>(\$340,094)</i>

Information Systems Administrator

A reduction of 1.00 FTE Information Systems Administrator and associated personnel expenses totaling \$123,381 is included in the May Revision as a result of the transfer of this position to the Fire-Rescue Department.

Increase in Vacancy Savings

The Vacancy Savings have been increased by \$2.5 million due to updated figures of anticipated retirements early in the fiscal year.

User Fee Revenue

On April 20, 2009, the City Council did not approve user fee increases for the Firearms Dealer Fee and the Money Exchange Houses Fee. A reduction of \$340,094 in user fee revenue is included in the May Revision as a result of the Council action not to increase these fees for cost recovery, in addition to a lower than anticipated fee increase for Special Events Fees.

Reclassification of Sworn Personnel

The reclassification to 15.00 FTE Police Officers III and 388.50 FTE Police Detectives was added to support operational needs that resulted in a net increase of approximately \$503,778 and a reduction of 1.00 FTE Agent position.

Equipment Outlay

This adjustment reflects a reduction of \$400,000 in the Police Equipment Outlay budget which is used for equipment replacement and equipment acquisitions.

ARJIS Payment

This expenditure increase of \$1.0 million reflects the latest payment information for the Automated Regional Justice Information System (ARJIS). ARJIS fees are dictated by the Joint Powers Authority, and for Fiscal Year 2010, the annual requirement for the City is expected to be \$1.0 million.

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PUBLIC WORKS

Engineering & Capital Projects

General Fund Revenue Adjustment: (\$98,536)

This adjustment corrects the allocation of transportation funds to the Transportation Engineering Operations Division's General Fund budget. The funds will be used for the Capital Improvement Program (CIP) 59-021.0 Annual Allocation for Transportation Grant Matches Account in Fund 30310.

Environmental Services

General Fund Revenue Adjustment: \$73,215

The revenue adjustment of \$73,215 reflects revisions to revenue estimates for the Asbestos and Lead Program based on additional information available at the time of the proposed budget preparation.

General Services - Street Division

General Fund Expenditure Adjustment: (\$100,000)

This adjustment reflects a reduction of \$100,000 in the Streets Division Equipment Outlay budget which is used for equipment replacement and equipment acquisitions.

General Services - Communications Division

Communications Division Expenditure Adjustment: \$250,000

This expenditure increase of \$250,000 is related to a mandate issued by the Federal Communications Commission (FCC) requiring that all government agencies operating within the VHF radio spectrum comply with a narrow-banding standard by the end of calendar year 2012.

Storm Water Department

Expenditure Adjustment: (\$6,433,014)

The Storm Water Department will encumber funds in Fiscal Year 2009 for projects that carry forward into Fiscal Year 2010. As a result, an expenditure reduction of \$6.4 million in contractual services is included in the May Revision based on the department's spending cycle. Financial Management will work with the department and review expenditures and projections in the first quarter and at mid-year in Fiscal Year 2010 to determine the spending needs of the department for the remainder of the year, and a budget adjustment may be requested mid-year, to ensure compliance.

OTHER FUNDS

Special Promotional Programs Transient Occupancy Tax (TOT)

Revenue Adjustment: (\$2,212,639)

Expenditure Adjustment: (\$2,152,404)

Council Policy 100-03 authorizes that four of every 10.5 cents of TOT collected be used solely for

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the purpose of promoting the City. This revenue is budgeted in the Special Promotional Programs Fund totaling \$57.0 million. Based on projected reduced TOT revenues in Fiscal Year 2010, this portion of TOT revenues will be reduced by \$1.8 million. Additionally, one cent of every 10.5 cents of TOT collected is allocated at the discretion of the City Council. In the Proposed Budget for Fiscal Year 2010, these funds are budgeted in the Special Promotional Programs Fund for a total of \$14.2 million. These revenues will be reduced by \$442,528. The Special Promotional Program's TOT budget in Fiscal Year 2010 will be revised from \$71.2 million to \$69.0 million.

As a result of the reduced TOT revenue budget in the Special Promotional Programs Fund and additional IT and non-discretionary cost savings, a reduction of \$2.2 million in budgeted expenditures has been made. This consists of \$60,235 in cost savings, \$1.7 million reduction in the allocation to reimburse tourism-related General Fund expenditures, and a reduction of \$442,528 in the budgeted transfer of the City Council TOT one-cent discretionary funds to the General Fund which are as described in the "TOT – General Fund" section of this memorandum.

Tax Revenue Anticipation Notes (TRANs)

Revenue Adjustment: (\$1,778,650)

Expenditure Adjustment: (\$1,767,730)

At the time the Fiscal Year 2010 Proposed Budget was prepared, the cash flow projection and borrowing need for Fiscal Year 2010 had not been completed and an assumption was made based on the Fiscal Year 2009 TRANs issuance of \$135.0 million. The City currently expects to borrow \$144.6 million in July 2009. The amount to be borrowed is based on the projected fiscal year cash need before the first property tax payment is received in December. Based on this information, both the proposed TRANs revenue transfer and interest expense will be reduced by \$1.8 million.

An action will be brought to the City Council in June of 2009 to authorize borrowing an amount not to exceed \$160.0 million. This amount is higher than the expected borrowing, providing a cushion in the event the need to additional borrowing capacity is identified between the date of this report and the date the borrowing is executed in July 2009. If the issuance is higher than expected, the TRAN interest expense will be adjusted as a mid-year action in Fiscal Year 2010.

The impact is a reduction in revenue of \$1.8 million and a reduction in expenditures of \$1.8 million.

PUBLIC UTILITIES

Metropolitan Wastewater Department (MWWD)

Revenue Adjustment: \$11,260,000

In the submitted budget, there was an underestimation of anticipated revenues and a correction is required due to a reassessment of the current year revenues and updated FY10 projections. The increase in Sewage Treatment Plant Services of \$8.8 million is related to the Participating Agencies' proportionate share of the Metropolitan portion of Wastewater's budget. In addition, the Capacity Charges increase of \$2.5 million is related to current capacity fee projections.

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Capacity Charges

Increase in revenue for Capacity Charges of \$2.5 million is attributed to a Sewer Rate Case increase and higher than anticipated interest earnings.

Water Department

<i>FTE Adjustment:</i>	<i>10.00</i>
<i>Revenue Adjustment:</i>	<i>(\$1,052,000)</i>
<i>Expenditure Adjustment:</i>	<i>(\$27,341,056)</i>

Mandatory Water Use Restrictions

The Water Department will be adding 10.00 limited FTE positions and associated personnel and non-personnel expenditures to support and implement the Drought Response Level 2 mandatory water use restrictions.

CIP Adjustment

Adjustment in expenditures of \$28.1 million to reflect Fiscal Year 2010 CIP project expenditures requirement.

Revised Revenue

The Water and Park & Recreation Departments have recently executed a Service Level Agreement for the reservoir recreation programs. A reduction of \$1.1 million in revenues is included based on the terms of the agreement.

CAPITAL IMPROVEMENT PROGRAM (CIP)

Adjustments to capital improvement projects were made primarily due to identification of additional funding, re-prioritization, or correction of planned allocations. The adjustments to CIP projects in Fiscal Year 2010 are listed below. Please refer to *Attachments 6 & 7* to review itemized lists of the changes from the Fiscal Year 2010 Proposed Budget.

Engineering and Capital Projects

1. **59-021.0 Annual Allocation-Transportation Grant Matches:** This revision reflects a transfer of \$98,536 in TransNet Extension/Congestion Relief Fund, 30310, funding from the Transportation Engineering Operation Division of the Engineering and Capital Projects Department. The new Fiscal Year 2010 budget for this project is \$348,536.
2. **52-392.0 Carroll Canyon Road:** This revision reflects a decrease of \$125,000 in TransNet Extension Regional Transportation Congestion Improvement Fee Fund, 30319,

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funding. This project is not eligible for this funding source and funds will be allocated to another project at a later date.

3. **TransNet Extension Congestion Relief Reallocation:** The Carroll Canyon Road project, CIP 52-392.0, requires \$10,000,000 of TransNet Extension cash funding in Fiscal Year 2010 in order to enter into a cooperative agreement with Caltrans. TransNet Extension cash will be reallocated from other projects, some of which will, in turn, receive TransNet commercial paper appropriations. These projects have sufficient cash funding to continue the current phase of work. Other projects which will not receive commercial paper appropriations are new and in preliminary phases of work. It is unlikely that reprogramming funding for these projects to Fiscal Year 2011 will prevent the projects from progressing. Should additional cash be needed in Fiscal Year 2010, an action will be brought forward to City Council to reallocate funding or to issue commercial paper debt. Please refer to *Attachment 7* to review an itemized list of TransNet Extension reallocations.

Metropolitan Wastewater Department

1. **45-966.0 Metro Facilities Control System Upgrades and 42-913.0 Annual Allocation Metro Treatment Plants:** This revision reflects a transfer of \$2,500,000 of Metro Sewer Fund, 41509, funding, from CIP 45-966.0 to CIP 42-913.0 due to shifting priorities. CIP 45-966.0 will no longer have a Fiscal Year 2010 budget and the new Fiscal Year 2010 project budget for CIP 42-913.0 is \$3,742,975.

Park and Recreation Department

1. **29-866.0 Montgomery Waller Community Park Sports Field Lighting and Park Improvements:** This revision reflects an increase of \$41,208 from Fund 38223, Prop 40 Funds and \$33,792 from Fund 11720, Parks Service District Fund. These funds will complete funding for the construction of improved restroom and concession facilities. The new Fiscal Year 2010 project budget is \$75,000.
2. **28-009.0 Palisades Park Comfort Station Replacement and 28-007.0 Mission Bay Athletic Area Comfort Station Modernization:** This revision reflects the creation of two new projects for an appropriation of \$300,000 to CIP 28-099.0 and \$200,000 to CIP 28-007.0 from Fund 79507, Development Impact Fees (DIF) – Pacific Beach Urban Community. These funds recently became available allowing for the creation of these

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two new projects. The new Fiscal Year 2010 project budget is \$300,000 for CIP 28-009.0 and \$200,000 for CIP 28-007.0.

3. **28-009.0 Paradise Hills Community Park Picnic Shelter:** This revision reflects the creation of a new project for an appropriation of \$43,000, which will be funded from Antenna Lease Revenue, 10150 and \$50,000 from 79509, DIF – Skyline/Paradise Hills Urban Community. This funding was recently approved by the Recreation Council to fully fund the project. The new Fiscal Year 2010 project budget is \$43,000.
4. **28-006.0 Chollas Lake Accessible Fishing Pier:** This revision reflects the creation of a new project for an appropriation of \$60,000 of Mid-City Park Development Fund, 39094, funding. This funding was recently approved by City Council Districts 3, 4, and 7 to fully fund the project. The new Fiscal Year 2010 project budget is \$60,000.
5. **29-991.0 Camino Ruiz – Median Improvement from Aquarius to Jade Coast Road; 39-209.0 El Cajon Boulevard Commercial Revitalization – Interstate 805 to 54th Street; 29-985.0 Pomerado Road, North of Rancho Bernardo Road – Median Improvements; and 29-984.0 Pomerado Road, South of Rancho Bernardo Road – Median Improvements:** Maintenance Assessment District (MAD) funds were approved after the Fiscal Year 2010 Proposed Budget was completed. These revisions reflect increases in funding of: \$474,000 in 29-991.0, from Fund 70223, (MAD) – Mira Mesa, resulting in a new Fiscal Year 2010 budget of \$529,000; \$50,000 in 39-209.0, from Fund 702341, MAD – Mid-City, resulting in a new Fiscal Year 2010 budget of \$200,000; \$15,671 in 29-985.0, from Fund 70224, MAD – Rancho Bernardo, resulting in a new Fiscal Year 2010 budget of \$94,750; and \$166,954 in 29-984.0, from Fund 70224, MAD – Rancho Bernardo, resulting in a new Fiscal Year 2010 budget of \$216,954.
6. **28-010.0, Views West Neighborhood Park – ADA Upgrades:** This revision reflects the creation of a new project for an appropriation of \$275,000 from Fund 392044, Rancho Penasquitos Development Funds – Park View Estates. This funding was recently approved by the Rancho Penasquitos Planning Group and the Recreation Council to fully fund this project. The new Fiscal Year 2010 project budget is \$275,000.
7. **28-011.0 Dailard Neighborhood Park – Children’s Play Area Upgrades:** This revision reflects the creation of a new project for an appropriation of \$400,000 from Fund 79506, Navajo Urban Community DIF Fund. These funds recently became available

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allowing for creation of this project. The new Fiscal Year 2010 project budget is \$400,000.

Redevelopment Agency

1. **52-713.0 Alvarado Canyon Road Realignment:** This revision reflects a decrease of \$350,000 of Redevelopment Agency, 10275, funding. This funding has not yet been allocated by the Redevelopment Agency. When the Redevelopment Agency approves funding for this project, an action will be brought to City Council to appropriate the funds. This project will no longer have a Fiscal Year 2010 budget.

Attachments:

1. Fiscal Year 2010 Mayor's May Revision Summary Table
2. Concession Summary
3. Concession Summary – Non-Mayoral
4. General Fund Labor Concession Adjustments
5. Non-General Fund Labor Concession Adjustments
6. Mayor's May Revision CIP Listing
7. Revised Fiscal Year 2010 Capital Improvements List - TransNet

cc: Honorable Mayor Jerry Sanders
Jan Goldsmith, City Attorney
Wally Hill, Assistant Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Department Directors
Julio Canizal, Financial Manager
Angela Colton, Financial Manager
Irina Kumits, Financial Manager
Kevin Casey, Director of Council Affairs

Attachment B

ATTACHMENT 1

FISCAL YEAR 2010 MAYOR'S MAY REVISION SUMMARY TABLE						
BUDGET DEPARTMENT	ADJUSTMENT DESCRIPTION	FTE	PE	NPE	EXP	REVENUES
City Attorney	Deputy City Attorney for Code Compliance Unit	1.00	134,045	-	134,045	133,571
	Development Services SLA Removal	-	-	-	-	(424,238)
	Deputy City Attorney to Support the Redevelopment Agency	1.00	134,045	-	134,045	133,571
City Auditor	Redevelopment Agency SLA Revenue Reimbursement	-	-	-	-	231,531
	Salary Adjustment for 2.00 Vacant Principal Auditors	-	19,432	-	19,432	-
	Contractual Services for CAFR Audit	-	-	(750,000)	(750,000)	-
City Council Districts	Position Removal in Council District 2	(1.00)	-	-	-	-
	Planning Associate for Historical Resources function	1.00	95,371	-	95,371	94,872
	Senior Planner for Historical Resources function	0.25	27,477	-	27,477	90,600
City Planning & Community Investment	Historical/Mills Act Fees	-	-	-	-	-
	2006 Franchise Tax Board File Revenue Adjustment	-	-	-	-	593,001
	Preservation of Benefits Increase	-	-	275,000	275,000	-
Citywide Program Expenditures	Property Tax Administration Increase	-	-	500,000	500,000	-
	Revision to TRANS Interest Expense	-	-	(943,650)	(943,650)	-
	Fiscal Year 2009 Tobacco Settlement Revenue	-	-	-	-	1,329,293
Citywide Revenues	Property Tax Revenue Adjustment	-	-	-	-	(16,717,360)
	Property Transfer Tax Revenue Adjustment	-	-	-	-	(1,498,971)
	TOT Revenue Adjustment from One-Cent Discretionary	-	-	-	-	(2,876,431)
	TOT Transfer from Trolley Extension	-	-	-	-	2,847,906
	Transfer of Fund Balances	-	-	-	-	705,593
Community & Legislative Services	TOT Revenue reimbursement Adjustment	-	-	-	-	(19,000)
	Revenue Adjustment	-	-	-	-	(98,536)
	TOT Revenue reimbursement Adjustment	-	-	-	-	(58,500)
Engineering & Capital Projects	Revenue Adjustment	-	-	-	-	73,215
	TOT Revenue reimbursement Adjustment	-	-	-	-	-
	Revenue Adjustment	-	-	-	-	-
Environmental Services	Special Pay for Position Transfer for Fire Plans Check from DSD to Fire-Rescue	-	182,000	-	182,000	-
	Firefighter III Allocation of Funding	-	233,000	-	233,000	-
	Reduction in Equipment Outlay	-	-	(400,000)	(400,000)	-
	Revenue Increase from Fire-Rescue's Special Events Fees	-	-	-	-	78,665
	Police to Fire-Rescue Position Transfer	1.00	123,381	-	123,381	-
Fire-Rescue	Reduction in Equipment Outlay	-	-	(100,000)	(100,000)	-
	TOT Revenue reimbursement Adjustment	-	-	-	-	(50,000)
	Removal of Transfer to Library Operating and Maintenance Fund	-	-	(350,000)	(350,000)	-
General Services	Regional Beach Sand Project Reduction	-	-	(102,000)	(102,000)	-
	Swimming Pool Position Additions and Equipment Outlay Reduction	2.34	170,751	(18,000)	152,751	-
	Equipment Outlay Reduction	-	-	(200,000)	(200,000)	-
Library	TOT Revenue reimbursement Adjustment	-	-	-	-	(135,522)
	Vacancy Factor Adjustment	-	(121,244)	-	(121,244)	-
	ARJIS Payment	-	-	1,000,000	1,000,000	-
Park & Recreation	Vacancy Factor Adjustment	-	(2,500,000)	-	(2,500,000)	-
	Reclassification of sworn personnel	(1.00)	503,778	-	503,778	-
	Reduction in Equipment Outlay	-	-	(400,000)	(400,000)	-
	User Fee Revenue Reduction	-	-	-	-	(340,094)
	Police to Fire-Rescue Position Transfer	(1.00)	(123,381)	-	(123,381)	(1,096,145)
Police	TOT Revenue reimbursement Adjustment	-	-	-	-	-
	Removal of OPIS Allocation	-	-	(161,830)	(161,830)	-
	Revenue Adjustment	-	-	-	-	(90,000)
Purchasing & Contracting	Contracts Reduction	-	-	(6,433,014)	(6,433,014)	-
	TOT Revenue reimbursement Adjustment	-	-	-	-	(350,000)
	TOT Revenue reimbursement Adjustment	-	-	-	-	-
Storm Water	Contracts Reduction	-	-	-	-	-
	TOT Revenue reimbursement Adjustment	-	-	-	-	-
	TOT Revenue reimbursement Adjustment	-	-	-	-	-

BUDGET DEPARTMENT	ADJUSTMENT DESCRIPTION	FTE	PE	NPE	EXP	REVENUES
General Fund Departments	Labor Concession Adjustments	(24.00)	(2,734,000)	(428,400)	(3,162,400)	-
	Non-Discretionary Adjustment	-	-	(3,400,704)	(3,400,704)	-
	Risk Management Administration Fund Balance Relief	-	(561,221)	-	(561,221)	-
	Flexible Benefits Adjustment	-	(425,703)	-	(425,703)	-
	Fringe Rate Distribution Adjustment	-	(353,932)	-	(353,932)	-
IT Adjustment		-	-	(334,180)	(334,180)	-
General Fund Total		(20.41)	(5,196,201)	(12,246,778)	(17,442,979)	(17,442,979)
Development Services	Special Pay for Fire Plans Check Position Transfer from DSD to Fire-Rescue	-	(182,000)	-	(182,000)	-
Metropolitan Wastewater	Revenue Adjustment	-	-	-	-	11,260,000
Water	Addition for Drought Response Level 2	10.00	673,155	78,557	751,712	-
	CIP Adjustment	-	-	(28,092,768)	(28,092,768)	-
	Revenue Adjustment	-	-	-	-	(1,052,000)
Department of Information Technology	Revenue Adjustment	-	-	-	-	(1,299,997)
General Services	FCC Radio Technology Mandate	-	-	250,000	250,000	-
	Communications Revenue Adjustment	-	-	-	-	(594,821)
Maintenance Assess Districts	Fleet Services Revenue Adjustment	-	-	-	-	(3,766,773)
	EI Cajon Boulevard MAD Revenue Adjustment	-	-	-	-	18,087
Special Promotional Programs	1-Cent TOT Transfer Allocation Adjustment	-	-	(442,528)	(442,528)	-
	Adjustment to BEAR Allocation	-	-	(709)	(709)	-
	Revised TOT Revenue	-	-	-	-	(2,212,639)
	TOT Expenditure Reimbursement Adjustment	-	-	(1,709,167)	(1,709,167)	-
Trolley Extension Reserve	Transfer to the General Fund	-	-	2,847,906	2,847,906	-
Risk Management	Risk Management Administration Revenue Adjustment	-	-	-	-	(684,836)
Tax Anticipation Notes	Revised TRANS Revenue	-	-	-	-	(1,778,650)
	Revised TRANS Expense	-	-	(1,767,730)	(1,767,730)	-
Non-General Fund Departments	Labor Concession Adjustments	-	(10,882,933)	-	(10,882,933)	-
	Risk Management Administration Fund Balance Relief	-	(225,716)	-	(225,716)	-
	Flexible Benefits Adjustment	-	(251,714)	-	(251,714)	-
	Fringe Rate Distribution Adjustment	-	751,978	-	751,978	-
	Non-Discretionary Adjustment	-	-	(1,673,652)	(1,673,652)	-
IT Adjustment		-	-	(864,623)	(864,623)	-
Non-General Fund Total		10.00	(10,117,230)	(31,374,714)	(41,491,944)	(91,629)
TOTAL CITYWIDE ADJUSTMENTS		(10.41)	(15,313,431)	(43,621,492)	(58,934,923)	(17,534,608)

Attachment B

ATTACHMENT 2: Fiscal-Related Labor Concession Summary

International Association of Firefighters Local 145

Elimination of the Retirement Offset Contribution previously set at 4.3% of salaries
Reduction of 140 hours of annually accrued holiday time for 56-Hour/Week personnel
Elimination of 24.00 FTE "D Division" positions offset with increased overtime
Reduction in Uniform Allowance
Adjustment to Flexible Benefit Allotments

Municipal Employee Association (MEA)

6.5 days (52 hours) of Mandatory Furlough
3% salary reduction or waiver of SPSP Mandatory Employer Matching Contribution

Police Officers' Association (POA)

1.5% Reduction to salaries
Elimination of the Retirement Offset Contribution previously set at 4.1% of salaries
Elimination of Terminal Leave
Adjustment to Flexible Benefit selected HMO
Increase to Uniform Allowance

Deputy City Attorney Association (DCAA)

Elimination of the Retirement Offset Contribution previously set at 3.2% of salaries
Reduction to Manager's Benefit Package allotment
Four days (32 hours) of Mandatory Furlough
Establishment of new salary structure for Deputies I, II, and III

American Federation of State, County, and Municipal Employees Local 127

Elimination of the Retirement Offset Contribution previously set at 5.4% of salaries
Elimination of Terminal Leave
Reduction to Flexible Benefits Cash-In-Lieu Waiver allotment

Unclassified/Unrepresented- Mayoral*

3% reduction of the Retirement Offset Contribution
3% salary reduction or Waiver of SPSP Mandatory Employer Matching Contribution

Unrepresented/Unclassified – Sworn Police Personnel*

Elimination of the Retirement Offset Contribution previously set at 4.1% of salaries
1.9% salary reduction or Waiver of SPSP Mandatory Employer Matching Contribution

Unrepresented/Unclassified – Sworn Fire Personnel*

Elimination of the Retirement Offset Contribution previously set at 4.3% of salaries
1.4% salary reduction or Waiver of SPSP Mandatory Employer Matching Contribution

Mayor

6% Salary reduction stated in introduced Fiscal Year 2010 Salary Ordinance

** Unclassified and Unrepresented DROP enrolled employees will receive a 3% reduction in base salary only*

ATTACHMENT 3: Fiscal-Related Labor Concession Summary: Non-Mayoral*

ELECTED BODIES

Office of the City Attorney

Waiver of Auto Allowance for all eligible employees in Office of the City Attorney

City Attorney waiver to participate in Voluntary part of SPSP Program

3% reduction of the Retirement Offset Contribution for Unrepresented personnel

3% reduction of the Retirement Offset Contribution for Unclassified personnel

3% Salary reduction or Waiver of SPSP Mandatory Employer Matching Contribution

Unclassified and Unrepresented DROP enrolled employees will receive a 3% reduction in base salary only

Legislative Body

- **City Council District 1**
- **City Council District 2**
- **City Council District 3**
- **City Council District 4**
- **City Council District 5**
- **City Council District 6**
- **City Council District 7**
- **City Council District 8**
- **Council Administration**

6% reduction to personnel expenditures within operating budgets

OTHER NON-MAYORAL

- **Office of the City Auditor**
- **Office of the City Clerk**
- **Ethics Commission**
- **Office of the IBA**
- **Personnel Department**
- **SDCERS**

3% salary reduction or waiver of SPSP Mandatory Employer Matching Contribution

3% reduction of the Retirement Offset Contribution for Unrepresented personnel

3% reduction of the Retirement Offset Contribution for Unclassified personnel

Unclassified and Unrepresented DROP enrolled employees will receive a 3% reduction in base salary only

**All union-represented personnel will follow the terms established under the agreements and/or impositions approved by City Council*

Attachment B

ATTACHMENT 4: General Fund Labor Concession Adjustments

GENERAL FUND BUDGETED DEPARTMENT	ADJUSTMENT
Office of the Mayor and COO	\$ (27,286)
Office of the Assistant COO	\$ (22,449)
Office of the IBA	\$ (61,857)
City Clerk	\$ (140,984)
City Attorney	\$ (1,447,159)
City Comptroller	\$ (393,772)
City Auditor	\$ (94,383)
City Treasurer	\$ (400,106)
Financial Management	\$ (143,631)
Debt Management	\$ (99,001)
Personnel	\$ (231,694)
Human Resources	\$ (80,833)
City Planning & Community Investment	\$ (299,243)
Real Estate Assets	\$ (140,851)
Ethics Commission	\$ (36,927)
Administration	\$ (88,811)
Purchasing & Contracting	\$ (151,415)
Police	\$ (13,814,856)
Fire-Rescue	\$ (7,003,177)
Development Services	\$ (221,965)
Office of Homeland Security	\$ (52,350)
Business Office	\$ (45,732)
Community & Legislative Services	\$ (193,623)
Office of the Chief Financial Officer	\$ (19,977)
Public Works	\$ (12,206)
Library	\$ (1,051,069)
Engineering and Capital Projects	\$ (2,216,746)
Park & Recreation	\$ (1,801,548)
Environmental Services	\$ (482,240)
General Services	\$ (1,089,183)
Storm Water	\$ (397,250)
	\$ (32,262,324)
Council Districts 1 through 8 (\$32,000 each)	\$ (256,000)
Council Administration	\$ (59,212)
Council Personnel Expenditure Total	\$ (315,212)
Total Personnel Expenditure Labor Concessions	\$ (32,577,536)
Total Non-Personnel Expenditure Labor Concessions	\$ (428,400)
Total General Fund Labor Concessions	\$ (33,005,936)

Attachment B

ATTACHMENT 5: Non-General Fund Labor Concession Adjustments

NON- GENERAL FUND BUDGETED DEPARTMENT	ADJUSTMENT
City Planning & Community Investment	\$ (258,747)
Real Estate Assets	\$ (7,202)
Risk Management	\$ (285,379)
Department of Information Technology	\$ (102,235)
City Retirement System	\$ (313,826)
Purchasing & Contracting	\$ (52,093)
Fire-Rescue	\$ (112,256)
Development Services	\$ (1,663,342)
Maintenance Assess Districts	\$ (92,227)
Engineering and Capital Projects	\$ (24,219)
Park & Recreation	\$ (232,124)
Environmental Services	\$ (977,015)
General Services	\$ (990,832)
Airports	\$ (59,840)
Water	\$ (2,581,638)
Metropolitan Wastewater	\$ (2,889,998)
Commission for Arts and Culture	\$ (26,355)
Special Promotional Programs	\$ (13,567)
QUALCOMM Stadium	\$ (107,478)
SAP Support	\$ (85,588)
PETCO Park	\$ (6,972)
	\$ (10,882,933)

Attachment B

Attachment 6: Revised Fiscal Year 2010 Capital Improvement Project List

Mayor's May Revision CIP Listing

Project #	Project Title	Fund	FY10 Proposed	Change	FY10 Revised
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Engineering and Capital Improvements Department

59-021.0	Annual Allocation-Grant Matches	30310	\$ 250,000	\$ 98,536	\$ 348,536
52-392.0	Carroll Canyon Road	30319	\$ 125,000	\$ (125,000)	\$ -

Metropolitan Wastewater Department

45-966.0	Metro Facilities Control System Upgrade	41509	\$ 2,500,000	\$ (2,500,000)	\$ -
42-913.0	AA- Metro Treatment Plants	41509	\$ 1,242,975	\$ 2,500,000	\$ 3,742,975

Park and Recreation Department

29-866.0	Montgomery Waller Community Park Sports Field Lighting and Park Improvements	38223	\$ -	\$ 41,208	\$ 41,208
		11720	\$ -	\$ 33,792	\$ 33,792
28-009.0	Palisades Park Comfort Station Replacement	79507	\$ -	\$ 300,000	\$ 300,000
28-007.0	Mission Bay Athletic Area Comfort Station Modernization	79507	\$ -	\$ 200,000	\$ 200,000
28-008.0	Paradise Hills Community Park Picnic Shelter	79509	\$ -	\$ 50,000	\$ 50,000
		10150	\$ -	\$ 43,000	\$ 43,000
28-006.0	Chollas Lake Accessible Fishing Pier	39094	\$ -	\$ 60,000	\$ 60,000
29-991.0	Camino Ruiz - Median Improvements from Aquarius to Jade Coast Road	70223	\$ 55,000	\$ 474,000	\$ 529,000
39-209.0	El Cajon Boulevard Commercial Revitalization - Interstate 805 to 54th Street	702341	\$ 150,000	\$ 50,000	\$ 200,000
29-985.0	Pomerado Road, North of Rancho Bernardo Road - Median Improvements	70224	\$ 79,079	\$ 15,671	\$ 94,750
29-984.0	Pomerado Road, South of Rancho Bernardo Road - Median Improvements	70224	\$ 50,000	\$ 166,954	\$ 216,954
28-010.0	Views West Neighborhood Park - ADA Upgrades	392044	\$ -	\$ 275,000	\$ 275,000
28-011.0	Dailard Neighborhood Park - Children's Play Area Upgrades	79506	\$ -	\$ 400,000	\$ 400,000

Attachment B

Attachment 6: Revised Fiscal Year 2010 Capital Improvement Project List

Mayor's May Revision CIP Listing

Project #	Project Title	Fund	FY10 Proposed	Change	FY10 Revised
Redevelopment Agency of San Diego					
52-713.0	Alvarado Canyon Road Realignment	10275	\$ 350,000	\$ (350,000)	\$ -
TOTAL			\$ 4,802,054	\$ 1,733,161	\$ 6,535,215

Attachment B

Attachment 7: Revised Fiscal Year 2010 Capital Improvements List

Project #	Project Title	FY10 Proposed	Requested Change	FY10 Revised
Fund 30310 TransNet Extension Congestion Relief				
52-392.0	Carroll Canyon Road - Sorrento Valley to Scranton	\$ -	\$ -	\$ -
52-392.0	Carroll Canyon Road - Sorrento Valley to Scranton	\$ -	\$ 10,000,000	\$ 10,000,000
13-005.0	Annual Allocation - Drainage Projects	\$ 600,000	\$ (600,000)	\$ -
13-501.0	Talbot Street Slope	\$ 2,000,000	\$ (2,000,000)	\$ -
39-086.0	Azaela Park Roadway Improvements	\$ 210,000	\$ (150,000)	\$ 60,000
52-409.0	43rd and Logan Intersection Improvements	\$ -	\$ -	\$ -
52-421.0	Carroll Canyon Road - I15 to Maya Linda	\$ 250,000	\$ (250,000)	\$ -
52-517.0	Carmel Valley Road	\$ 25,000	\$ 50,000	\$ 75,000
52-519.0	Annual Allocation - Bridge Rehabilitation	\$ 100,000	\$ (100,000)	\$ -
52-555.0	Georgia Street Bridge	\$ -	\$ -	\$ -
52-588.0	Streamview Drive	\$ 200,000	\$ (200,000)	\$ -
52-592.0	Aldine Drive Slope	\$ 1,100,000	\$ (1,100,000)	\$ -
52-682.1	Otay Mesa Road Phase III & Phase IV design	\$ 1,120,000	\$ (720,000)	\$ 400,000
52-715.0	Annual Allocation-Sidewalks	\$ 350,000	\$ (174,000)	\$ 176,000
52-745.0	Clairemont Mesa/SR163	\$ 600,000	\$ (600,000)	\$ -

FY10 Proposed	Requested Change	FY10 Revised
Fund 30313 TransNet Commercial Paper		
\$ 12,000,000	\$ (12,000,000)	\$ -
\$ -	\$ -	\$ -
\$ -		\$ -
\$ -	\$ 2,000,000	\$ 2,000,000
\$ -		\$ -
\$ -	\$ 3,000,000	\$ 3,000,000
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -	\$ 421,000	\$ 421,000
\$ -		\$ -
\$ -	\$ 1,100,000	\$ 1,100,000
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -

Net Change
30310 / 30313
\$ (12,000,000)
\$ 10,000,000
\$ (600,000)
\$ -
\$ (150,000)
\$ 3,000,000
\$ (250,000)
\$ 50,000
\$ (100,000)
\$ 421,000
\$ (200,000)
\$ -
\$ (720,000)
\$ (174,000)
\$ (600,000)

Attachment 7: Revised Fiscal Year 2010 Capital Improvements List

Project #	Project Title	FY10 Proposed	Requested Change	FY10 Revised
Fund 30310 TransNet Extension Congestion Relief				
52-763.0	Skyline Drive Improvements	\$ -	\$ -	\$ -
52-773.0	Cherokee Street Improvements	\$ 200,000	\$ (200,000)	\$ -
52-774.0	34th & 35th @ Madison Improvements	\$ 220,000	\$ (220,000)	\$ -
52-776.0	Prospect Street Roundabout	\$ 891,000	\$ (891,000)	\$ -
52-808.0	Annual Allocation - Median Installation	\$ 300,000	\$ (300,000)	\$ -
52-810.0	Hollister Street - 900 block westside	\$ 75,000	\$ (75,000)	\$ -
52-812.0	Hollister Street - Coronado to Tocayo	\$ 175,000	\$ (175,000)	\$ -
52-813.0	Division Street - Bryanview to 61st	\$ 250,000	\$ (250,000)	\$ -
52-814.0	Saturn Boulevard - Coronado to Grove	\$ 100,000	\$ (100,000)	\$ -
54-012.0	Ted Williams Pedestrian Bridge at Shoal Creek	\$ 100,000	\$ (100,000)	\$ -
58-127.0	SR 15 Bike Path	\$ 400,000	\$ (280,000)	\$ 120,000
58-204.0	Annual Allocation - Minor Bicycle Facilities	\$ 15,000	\$ (15,000)	\$ -
61-001.0	Annual Allocation - Traffic Control Measures	\$ -	\$ -	\$ -
62-331.0	Annual Allocation - Traffic Signal Interconnect	\$ 350,000	\$ (250,000)	\$ 100,000
62-332.0	25th Street Renaissance Project	\$ 650,000	\$ (650,000)	\$ -

FY10 Proposed	Requested Change	FY10 Revised
Fund 30313 TransNet Commercial Paper		
\$ -	\$ 325,000	\$ 325,000
\$ -		\$ -
\$ -		\$ -
\$ -	\$ 891,000	\$ 891,000
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -		\$ -
\$ -	\$ 208,000	\$ 208,000
\$ -		\$ -
\$ -		\$ -

FY10 Proposed	Requested Change	FY10 Revised	Net Change
30310 / 30313			
\$		\$	\$ 325,000
\$		\$	\$ (200,000)
\$		\$	\$ (220,000)
\$		\$	\$ -
\$		\$	\$ (300,000)
\$		\$	\$ (75,000)
\$		\$	\$ (175,000)
\$		\$	\$ (250,000)
\$		\$	\$ (100,000)
\$		\$	\$ (100,000)
\$		\$	\$ (280,000)
\$		\$	\$ (15,000)
\$		\$	\$ 208,000
\$		\$	\$ (250,000)
\$		\$	\$ (650,000)

Attachment B

Attachment 7: Revised Fiscal Year 2010 Capital Improvements List

Project #	Project Title	FY10 Proposed	Requested Change	FY10 Revised
Fund 30310 TransNet Extension Congestion Relief				
68-010.0	Annual Allocation - Traffic Signals	\$ 400,000	\$ (150,000)	\$ 250,000
68-011.0	Annual Allocation - Traffic Signal Modifications/ Modernizations	\$ 850,000	\$ (300,000)	\$ 550,000
68-017.0	Annual Allocations - School Traffic Safety Improvements	\$ 200,000	\$ (200,000)	\$ -
TOTAL		\$ 11,731,000	\$ -	\$ 11,731,000

FY10 Proposed	Requested Change	FY10 Revised
Fund 30313 TransNet Commercial Paper		
\$ -	\$ 55,000	\$ 55,000
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 12,000,000	\$ (4,000,000)	\$ 8,000,000

Net Change
30310 / 30313
\$ (95,000)
\$ (300,000)
\$ (200,000)
\$ (4,000,000)

Fiscal Year 2010 Final Budget Report and Recommendations

**Report by the
Office of the
Independent Budget Analyst**

IBA Report 09-45

May 29, 2009



IBA

**Office of the
Independent Budget Analyst
City of San Diego**

Attachment C

Introduction

The IBA's Preliminary Review of the Mayor's Proposed FY 2010 Budget was issued on April 28, 2009 as IBA Report No. 09-37. This final report builds upon our earlier review and analysis, and presents final recommended changes to the Mayor's Proposed Budget for City Council consideration. Our recommendations take into account the budget ideas proposed by the City Council; the results of the Mayor's May Revise; input received from the public during the hearings; additional IBA research and analysis; and further discussions with City operational staff. Our final report is presented in three sections:

Part 1- IBA Recommended Revisions to the Proposed Budget

Part 2- IBA Review of the Mayor's May Revise

Part 3- Council Request of Mayor to Continue to Pursue Fiscal Reforms During FY 2010

Part I: Recommended Revisions to the Proposed Budget

The IBA is proposing very few revisions to the FY 2010 Proposed Budget. No service or program reductions were proposed by the Mayor for FY 2010; and we do not recommend consideration of any program expansions or position additions except for the few included in the Mayor's May Revise and the four additional positions for the City Auditor's Office as recommended by the Audit Committee. The economy remains depressed and uncertain; the outlook for the City's General Fund continues to be bleak; and the State's serious budget problems could mean even greater challenges for the City should the State try to borrow City revenues to balance their budget.

Additionally, both the Mayor's Proposed FY 2010 Budget and his May Revise rely heavily on recommendations made by the IBA in prior reports as well as suggestions made recently by the current City Council. They include adjusting Storm Water program costs to align with spending patterns; reducing equipment outlay and supplies and services allocations; transferring miscellaneous fund balances to the General Fund (including Internal Stabilization Fund; Library Operations and Maintenance Fund; PC Replacement Fund; and Trolley Extension Fund); reviewing Tobacco Settlement revenue; increasing vacancy savings, and increasing fees for cost recovery. These actions, which we support, total \$34.7 million in savings or resources to the General Fund, and helped to address a FY 2010 deficit of nearly \$83 million.

The following minor revisions to the FY 2010 Proposed Budget are recommended:

IBA Proposed Revisions			
	FTE	EXPENSE	REVENUE
Resources Changes			
I Park & Recreation-Antenna Lease Revenues			816,000
Expenditures Changes			
1 Business Office- Reduction of Managed Competition Funding	-	(250,000)	
2 City Auditor- Addition of Auditor Positions	4.00	399,065	
3 Storm Water-Reduction of FY 2010 Funding	-	(1,000,000)	
4 Creation of an Appropriated Reserve Utilizing Net Resources	-	1,666,935	
TOTAL	4.00	\$ (816,000)	\$ 816,000

Resource Changes

Park & Recreation

1– Transfer of Antenna Lease Revenues-\$816,000

The Park and Recreation Department had initially recommended the transfer of \$816,000 from the Antenna Lease Revenue Fund to the General Fund to support departmental operations, as part of the requested 15% reductions during budget development. This recommendation was not utilized to balance the budget, and still remains a viable option. The IBA recommends that these funds be budgeted for transfer to the General Fund providing funds for other needs in the amount of \$816,000.

Attachment C

Recommended Revisions to the Proposed Budget

According to the Real Estate Assets Department, there are currently twenty telecom sites at park and recreation locations which generate \$53,000 in monthly revenue, or approximately \$636,000 annually, with many leases in effect through FY 2017. Several other sites are pending the application process. According to Council Policy, fifty percent of the revenue for each park telecom site goes into the Park and Recreation Antenna Lease Revenue fund.

In our review, the IBA found that annual revenue to this fund totaled approximately \$627,000 in FY 2007, \$317,000 in FY 2008, and exceeds \$423,000 to date for FY 2009.

Expenditure Changes

Business Office

1– Reduce Managed Competition Contract (\$250,000)

The Business Office Proposed Budget includes an allocation of \$500,000 for Managed Competition consulting services for FY 2010. In the FY 2009 Adopted Budget, \$500,000 was allocated for this purpose. However, when the Business Office came to the City Council in June 2008 for authorization to spend this money, initially only \$250,000 was authorized. This amount was intended to cover 1) Statement of Work development and solicitation support, and 2) Employee Proposal development support. Due to the delay in managed competition, only partial funding was spent (\$147,000) during FY 2009. Once the managed competition process is able to move forward, we believe that \$250,000 will be sufficient to complete the activities identified above. The Council also previously requested that a new RFP process take place, which will occur once the staff knows when consulting support will be required.

Furthermore, fiscal impacts of the program outlined in Proposition C, which was approved by voters in November 2006, assured that “no significant new costs are anticipated as a result of the managed competition process.” This reduction helps better align public expectation of costs associated with the approved proposition.

City Auditor

2– Add Three City Auditors/One Fraud Investigator- \$399,065

On April 27, 2009, the Audit Committee recommended adding 1.00 Fraud Investigator (\$153,165) to primarily staff the Fraud, Waste and Abuse Hotline and 3.00 Principal Auditors (\$245,900) to be hired at the beginning of calendar year 2010. The annualized expense of these positions would increase to approximately \$645,000 in FY 2011 to reflect the new auditor positions being budgeted for a full year.

Recommended Revisions to the Proposed Budget

It should be noted that 3.00 new Principal Auditors were added to the Proposed Budget for the City Auditor in FY 2010. The 4.00 positions referenced above are in addition to the 3.00 Principal Auditors added in the Proposed Budget. If the 4.00 new positions are added, the City Auditor would have 14.00 Principal Auditors (up from 11.00) and total department staff of 18.00 FTEs (up from 14.00 FTEs).

In recent budget years, the City has allocated additional funding in an effort to rebuild a robust audit department. The City's independent audit consultant to the Audit Committee (Jefferson Wells) evaluated auditor staffing levels at other comparable public agencies and recommended the Audit Committee consider increasing the size of the department to approximately 24.50 FTEs. They further commented that City Auditor staff should be increased to adequately enable the department to perform sufficient work so that a judgment about the adequacy and effectiveness of risk management and control processes can be made.

Storm Water

3-Storm Water Expenditure Reduction- (\$1,000,000)

The May Revision proposed to reduce the Storm Water Department's FY 2010 budget by \$6.4 million. This action would increase the total reduction to \$7.4 million and result in a FY 2010 Storm Water budget of \$38.1 million. An additional \$5.7 million has been encumbered from the FY 2009 budget to be expended in FY 2010. As noted in prior IBA reports, an ongoing concern for the past two fiscal years has been the Department's ability to expend all budgeted funds by the end of the fiscal year. Both the Mayor's Office and the IBA have been carefully reviewing the Storm Water budget and expenditure plans with the goal of more accurate budgeting. The issue became a greater concern when the pattern continued through FY 2009. This program is a high priority and was identified as one of the Mayor's Eight Significant Funding Areas beginning in FY 2008. However, over-budgeting in this area ties up scarce General Fund resources. It is also critical that this program become very efficient and develop an accurate, reliable baseline budget that ties to specific outcomes in order to justify moving forward with a Storm Water fee in the future, if the Council so chooses. The Department has recently made progress in filling vacancies, initiating contracts and developing a more comprehensive spending plan. Based on spending patterns, we believe that a budget of \$38.1 million, together with the carryover funds, will enable the department to effectively carry out its program in FY 2010. Should budget shortfalls become a concern, use of the Appropriated Reserve could be considered.

Attachment C

Recommended Revisions to the Proposed Budget

Appropriated Reserve

4- Designate Funding for the Appropriated Reserve- \$1,666,935

Consistent with the City's Reserve Policy and the past two fiscal year budgets, we recommend creation of a small Appropriated Reserve in the event of unforeseen circumstances that require mid-year funding such as increasing Police and Fire academy classes to meet critical public safety staffing levels or to provide additional funding for Storm Water if determined necessary. The FY 2010 Proposed Budget provides for a General Fund Reserve estimated at \$80.2 million, or 7.11% of the General Fund Proposed Budget, slightly in excess of the FY 2010 reserve goal of 7%. However, in contrast to the past two fiscal year budgets, no provision has been included in the budget for an Appropriated Reserve, which is defined in the policy as a contingency for unanticipated, non-emergency, high-priority needs that surface mid-year, where no alternative funding is available.

This allocation of \$1,666,935 to an Appropriated Reserve would count toward the City's total Reserve goal for FY 2010, increasing the reserves to a total of \$81.9 million and to 7.26% of the General Fund budget. Any unused funds would revert to fund balance at the end of the fiscal year.

Additional Areas

We further recommend that the following fund balances totaling \$2.5 million be reviewed immediately and considered for consolidation with our reserves for potential State action:

- Community Service Center Fund (10170) \$86,532 cash
- Child Care Construction Fund (10402) \$26,427 cash
- Child Care Operating Fund (10403) \$888,137 cash
- Office Space Project Fund (10404) \$207,492 cash
- Cities Readiness Initiative 06 (18885) \$172,244 cash
- Special Assessment Dist Delinquency Fund (79900) \$1,116,550 cash

These listed funds appear to have had limited activity, and their purposes are unclear. Consideration could also be given to consolidating with the City's reserves for potential State action, some or all of the \$11 million in Mission Bay Park and Regional Parks Improvement Funding, which was received prior to the July 1, 2009 effective date of Proposition C.

Part 2: Review of the Mayor's May Revise

We have reviewed and analyzed the Mayor's May Revise and offer the following comments, but no further revision, in the following areas.

General Fund Revenue

The May Revise proposes a net reduction of \$17.4 million in General Fund revenue. Tax revenues are projected to decline by approximately \$22.8 million, primarily due to a significant decline in property tax. These declines are partially offset by one-time transfers from the Trolley Extension Reserve and PC Replacement funds, and the budgeting of surplus FY 2009 Tobacco Settlement Revenue. The table below summarizes the proposed General Fund Revenue adjustments in the May Revise.

FY 2010 May Revise - GF Revenue Adjustments

Property Tax	\$ (16,717,360)
Transient Occupancy Tax	(4,585,598)
Property Transfer Tax	(1,498,971)
Transfer from Trolley Extension	2,847,906
FY09 Tobacco Settlement Rev.	1,329,293
Transfer from PC Replacement	705,593
Departmental Revenues	476,158
Total GF Revenue Adjustment	\$ (17,442,979)

Property tax revenues, with a proposed reduction of \$16.7 million, account for the majority of the downward revision. Information received from the County of San Diego has indicated that assessed valuation (AV) in the City of San Diego is projected to decline by 1.54% for FY 2010. However, this figure includes redevelopment areas, which will likely continue to see slightly positive growth in AV. As a result, the revised property tax projection reflects a more conservative negative 3.3% growth.

Transient Occupancy Tax (TOT) is projected to decline by 3.5% in the May Revise, compared to a 2% decline reflected in the Proposed Budget. We feel this revised growth rate better reflects the weak outlook for travel and tourism in the San Diego region. In addition, the revised growth rates are applied to a lower year-end projection for FY 2009, as reflected in the FY 2009 Year-End Report. Combined, these adjustments result in a \$4.6 million reduction in citywide TOT revenue, including a \$2.4 million reduction in TOT deposited directly into the General Fund, a \$443,000 reduction in the 1-cent discretionary transfer, and a \$1.7 million reduction in TOT allocated for General Fund "promotion-related" expenditures.

Attachment C

Review of the Mayor's May Revise

Property transfer tax has been reduced by \$1.5 million from the Proposed Budget, largely due to the lower year-end projection in FY 2009. In addition, the projected growth rate for FY 2010 has been lowered to negative 1.25% from a projected 2% increase in the Proposed Budget, reflecting a slower recovery in the housing market than previously anticipated.

Overall, we concur with the proposed revisions to the major General Fund revenue projections, and feel that they represent a more conservative baseline for the FY 2010 Budget. The table below reflects how the projections for several prominent General Fund revenues have changed over the past year in response to continually declining economic conditions.

General Fund Revenue Projections (\$ millions)

	FY 2008	FY 2009	FY 2009	FY 2009	FY 2010	FY 2010
	Actual	Budget	Revised	Year-End	Proposed	May Revise
Property Tax	\$ 384.3	\$ 411.1	\$ 396.6	\$ 395.6	\$ 399.3	\$ 382.6
Sales Tax	227.9	222.1	216.2	213.2	210.1	210.1
TOT	83.7	90.6	82.2	78.6	78.3	75.9
Franchise Fees	64.6	69.5	68.2	66.2	73.6	73.6
Property Transf.	7.0	8.9	6.4	5.3	6.0	4.5
Safety Sales	7.7	8.1	7.4	7.1	7.1	7.1
VLF	2.1	6.9	6.0	4.3	3.9	3.9

Review of the Mayor's May Revise

General Fund Expenditures

In our review of the May Revise, the IBA compared the revised FY 2010 Proposed Budget with the FY 2009 Adopted Budget. This comparison reflects a reduction of \$63.9 million from the FY 2009 Budget, comprised most significantly of changes totaling \$41.3 million in the areas of salaries and wages, and fringe benefits.

GENERAL FUND EXPENDITURES

CATEGORY	FY 2009 FINAL BUDGET	FY 2010 PROPOSED - REVISED	CHANGE
Salaries and Wages	\$541,702,137	\$515,727,484	(\$25,974,653)
Fringe Benefits	283,970,410	268,621,594	(15,348,816)
Supplies & Services	291,355,261	268,745,481	(22,609,780)
Information Technology	38,071,177	37,312,724	(758,453)
Energy & Utilities	27,649,538	28,363,036	713,498
Equipment Outlay	9,859,868	9,905,358	45,490
TOTAL	\$1,192,608,391	\$1,128,675,677	(\$63,932,714)
FTEs (Positions)	7,545.22	7,394.42	(150.80)

The Supplies & Services category also reflects a large reduction of \$22.6 million, and is approximately 7.8% less than the FY 2009 Budget. The Equipment Outlay category appears relatively unchanged, however increases for the fire station alerting system and new helicopter payments have been made in FY 2010, and without other offsetting reductions, would have caused an increase of \$2.7 million in this area.

These reductions also include the FY 2009 Mid-Year (First Quarter) budget reductions that will continue in the FY 2010 Budget, which include the reduction of 146.95 FTEs, and total savings of \$30.2 million, as reported in the Proposed Budget.

Additional Areas

Equipment Outlay

The May Revise includes a reduction of \$1.1 million in equipment outlay between the Police, Fire-Rescue, Streets and Park and Recreation departments. These reductions are not expected to have an impact on services or operations. As recommended before, a zero-based budgeting approach to equipment outlay would allow for better precision in budgeting, providing funds for that year's anticipated needs, but not tying up funds that are not necessary for equipment in that year. The IBA believes this area deserves greater scrutiny and should be evaluated in the case of State action or further economic weakness in FY 2010.

Attachment C

Review of the Mayor's May Revise

Library Operations and Maintenance Fund

On Tuesday, May 26, 2009, in considering the Year-End Report, the City Council approved a transfer of the balance of the Library Operations and Maintenance (O&M) Fund to the General Fund. The balance of this fund totals \$1.075 million; however the FY 2010 Proposed Budget includes an additional contribution of \$350,000 into this fund. The Mayor's May Revise proposes elimination of the transfer, saving the General Fund \$350,000.

In the IBA's Review of the FY 2010 Proposed Budget, the IBA recommended that the use of the accumulated funds in the Library O&M Fund and the annual contribution from the General Fund "be carefully reevaluated and recommendations for the fund be presented to the Budget and Finance Committee by September 2009."

However, in light of the Council's pending approval of the O&M balance transfer as part of the FY 2009 year-end report, the IBA agrees there is no need for a contribution of \$350,000 for FY 2010.

Information Technology

The IBA had previously recommended that funds related to Information Technology be reviewed and that fund balances be utilized in order to reduce City contributions in FY 2010. The IBA had estimated that General Fund savings could be at least \$2 million, if implemented. The May Revise includes the use of the fund balances of the Information Technology and Wireless Communications Funds, to the benefit of the General Fund, in the amount of \$1.3 million. In addition, the balance of other IT related funds have been proposed for transfer to the General Fund, including departmental PC replacement funds, with no expected impacts, increasing General Fund revenues by \$705,593. SDDPC rate adjustments due to the 6% compensation reduction by staff has also reduced IT budgets by \$864,623 citywide, with \$334,180 reduced in General Fund departments.

Review of the Mayor's May Revise

Police and Fire-Rescue Recruit Academies and Vacancy Savings

The IBA understands that no additional funding is proposed at this time for the recruit academies for the Police and Fire-Rescue Departments in FY 2010. However, the Mayor's Office has indicated that attrition and vacancies will be monitored, and the number and frequency of academies will be adjusted as needed during the year. Since no new funding is provided, if additional academies are deemed necessary to maintain critical staffing levels, mid-year funding may need to be requested.

In reviewing changes for Fire-Rescue, adjustments were made to both recruitment funding and academy funding during budget development. Each impacted overtime as staff will be redeployed to stations instead of academies or other assignments.

However, for the last few years, the Fire Department has over expended its budget, primarily due to emergencies and fire incidents, both here and throughout California, and costs are typically reimbursed. Because of this, it is not recommended that the salary budget be reduced more, because of departing staff, and it appears Fire-Rescue could be handled differently than the Police Department.

For the past three fiscal years, actual salary savings (including the budgeted vacancy savings) achieved by the Police Department has decreased from \$28.2 million in FY 2007 to approximately \$20 million, projected for FY 2009. For FY 2009, the approved budget reductions reduced the salary category by an additional \$5 million. Including the \$5 million reduction, total salary savings compared to the Adopted FY 2009 Budget would be \$25 million.

The departure of public safety personnel is expected as a result of labor negotiations. During recent budget hearings, the Police Department indicated that up to 100 individuals may leave by July 1. Because of this, the May Revise includes an increase of \$2.5 million to the budgeted vacancy savings for FY 2010 for the Police Department, bringing the total to \$16.2 million. Salary savings in excess of the budgeted vacancy amount is expected to be needed, to some degree, to fund additional or expanded recruit academies and overtime to ensure critical staffing levels are met.

POLICE DEPARTMENT							
Budgeted vs. Actual Salary Expenditures (in millions)							
FY	Budgeted Salary Category	Revised Salary Category	Actual /Proj.	Savings	Budgeted Vacancy Factor	Total VF + Savings	Sworn Vacancies
2010	\$226.9				\$16.2		
2009	\$231.2	\$226.3	\$219.4	\$6.9	\$13.0	\$19.9	161.75*
2008	\$214.8	\$214.4	\$208.2	\$6.2	\$21.3	\$27.5	179.75
2007	\$206.4	\$203.3	\$194.4	\$8.9	\$19.3	\$28.2	229.75

* FY 2009 Vacancies Year-To-Date, as of May 25, 2009

Review of the Mayor's May Revise

Consideration could be given to further increase vacancy savings for the Police Department, with the savings to be contributed to the Appropriated Reserve. The level of vacancy savings could be reevaluated and adjusted, if needed, at mid-year. The IBA believes these recommended reductions would not hamper recruitment efforts or staffing levels, but will more closely align the budget with actual projected experience.

Motive Equipment Usage/Fuel Reserve

The May Revise includes \$3 million in expenditure reductions related to motive equipment usage charges, including \$2.2 million savings in General Fund departments. In FY 2009, the Fleet Services Internal Services Fund projects savings of approximately \$6 million in the fuel budget. This surplus has allowed motive equipment usage charges to be reduced in FY 2010. In addition, the FY 2009 savings have been used to establish a fuel reserve of \$3 million, or 17% of the total FY 2010 fuel budget of \$17.3 million. The IBA recommended establishment of a fuel reserve to protect against future unanticipated fluctuation in fuel prices in our review of the FY 2009 Year-End Report, and we support this proposal.

TransNet Extension Congestion Relief Reallocation

For TransNet funding, Engineering & Capital Projects (E&CP) staff is proposing the reallocation of funding regarding TransNet Extension funded projects. A significant project proposed for reallocation of funding is Carroll Canyon Road – Sorrento Valley Road to Scranton Road (52-392.0). The Fiscal Year 2010 Proposed CIP budget reflects \$12.0 million in commercial paper for this project. However, this project was recently identified by the State for acceleration and also for receipt of Federal Stimulus highway funding. On May 19, 2009 the City Council approved entering into agreement with Caltrans to modify the existing Freeway Agreement enabling the City to take advantage of the Federal Stimulus highway funds. Due to timing of the project, staff proposes to reallocate TransNet Extension funds (cash) from multiple projects to the Carroll Canyon Road project. Staff has stated that these actions are related to cash flow management. Depending on a project's schedule, staff would rather use TransNet Extension funds (cash) then commercial paper, which is debt for the City.

The projects that are proposed to have their TransNet Extension funds (cash) reallocated will be backfilled using commercial paper or future TransNet Extension Funds. In addition, funding for these projects could be backfilled using the additional \$20.0 million in TransNet funds the City expects to receive as a result of the Federal Stimulus package. It is important to note that even if funding is identified for these projects in FY 2010, due to possible E&CP capacity issues, these projects could be pushed to FY 2011.

Review of the Mayor's May Revise

Use of One-Time Resources

In our Preliminary Report, we noted that the Mayor utilized \$22.1 million of what are considered to be one-time only resources including \$17.8 million of Internal Stabilization Funds and \$4.3 million in Library System Improvement Funds. We also noted our support for the Mayor's reevaluation of these miscellaneous funds which were established years ago during very different economic conditions, are not tied to any legal requirements or best practices and now have sizable fund balances. Additionally, the Proposed Budget identified an equal amount of one-time expenditures to match the onetime resources which is in accordance with the Government Finance Officers Association (GFOA) Recommended Budget Practices.

In the May Revise and as shown below, the Mayor has addressed a \$22.8 million reduction to FY 2010 revenues by utilizing an additional \$15 million of one-time resources together with some recurring items including storm water reductions and refinement to labor concession estimates.

One-Time Resources	Amount
Police Vacancy Factor	\$2.5 M
TRANS Interest	.9 M
PC Replacement Fund	.7 M
Trolley Ext Fund	2.8 M
Equipment Outlay	1.1 M
Tobacco Settlement	1.3 M
Non Discretionary Adjust.	3.7 M
Net Department Adjust.	2.0 M
TOTAL	\$15.0 M

The use of one-time resources continues to be of concern as it contributes to the City's structural budget deficit. Again, we support and have advocated for several years for the clean-up of miscellaneous funds as discussed above; and have recommended greater scrutiny of equipment outlay allocations as well as accurate budgeting of personnel expenses by applying realistic vacancy factors. We also see no readily available alternative solutions to balancing the May Revise without these resources. During an economic crisis, one-time solutions can help the City weather the effects of unusually large revenue declines which are expected to return to normal growth levels upon economic recovery. As noted in our Preliminary Report:

"While our office's position on this matter remains grounded in the best practices as set forth in our structural budget deficit report, our position on specific proposals for the utilization of one-time resources will be tethered to an analysis of the situation and the related criteria."

Attachment C

Review of Mayor's May Revise

Administrative and Management Positions Citywide

In a May 8, 2009 memorandum, Councilmember Emerald requested that the IBA provide an accounting of the Administrative and Management positions citywide added in to the FY 2010 Budget. In response to this request, the IBA reviewed all position changes contained in the Proposed Budget and the May Revise, and isolated the additions, which have been listed by department, classification, and bargaining unit, in the attachment to this report.

Our review determined that 76.90 positions were added to the FY 2010 budget Citywide, with 41.40 FTEs added to the General Fund. Of the General Fund additions, 18.46 FTEs were required for new facilities to be opened in the Library and Park and Recreation Departments. Included in these figures are 14.34 FTEs added in the Mayor's May Revise.

Part 3: Council Request of Mayor to Continue to Pursue Fiscal Reforms during FY 2010

Recognizing that the City is facing a structural budget deficit, and is expected to face a deficit in FY 2011 of more than \$100 million- **after** accounting for all FY 2010 corrective actions– the IBA recommends that the Council requests that the Mayor continue to study and implement various fiscal reforms over the course of the next year. A wide range of potential areas for achieving cost savings, new resources and/or efficiencies were identified by the Council during the FY 2010 budget process. Many of these require additional time for study or implementation as well as discussion at various Council Committees. To address the FY 2011 deficit and ultimately achieve fiscal health and stability for our City, the continuous pursuit of fiscal reform is necessary. The IBA recommends that the City Council request that the Mayor work with them to accomplish the following:

Recommended Fiscal Reforms from Council Ideas
<ol style="list-style-type: none"> 1. Work with the City Council to establish a Citizens Revenue Review and Economic Competitiveness Commission. 2. Complete and implement all Business Process Reengineering studies. 3. Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances. 4. Review with the City Council any reassessments under consideration for City's reserve goals for the following funds: Public Liability, Worker's Compensation, and General Fund. 5. Complete and bring forward to Council the results of the Development Services Department fee study and recommendations. 6. Implement reforms to strengthen oversight of independent agencies including SEDC, CCDC and SDDPC. 7. Address fiscal structural problems of the Refuse Disposal and Recycling Funds. 8. Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts. 9. Report results of all deferred maintenance assessments to Council upon their completion. Determine causes for delays in completion of deferred maintenance/capital projects and develop recommendations for improvements. 10. Develop and adopt a "Budget Policy" to provide agreed upon principles and best practices for annual budget monitoring and development. 11. Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium. 12. Complete processes necessary to allow managed competition decisions to move forward. 13. Work with the Council to undertake a Community Attitude Survey to gather scientifically random data on citizen prioritization and satisfaction of City services. 14. Present the results of Real Estate Assets' Portfolio Management Plan to Committee and Council. 15. Explore ways to expand commercial marketing and increase City resources using City facilities, vehicles, and publications.

Attachment C

Conclusion and Recommendations

The IBA recommends Council approval of the Mayor's FY 2010 Proposed Budget, the Mayor's May Revise, and the IBA proposed revisions as summarized below:

IBA Proposed Revisions			
	FTE	EXPENSE	REVENUE
Resources Changes			
I Park & Recreation-Antenna Lease Revenues			816,000
Expenditures Changes			
1 Business Office- Reduction of Managed Competition Funding	-	(250,000)	
2 City Auditor- Addition of Auditor Positions	4.00	399,065	
3 Storm Water-Reduction of FY 2010 Funding	-	(1,000,000)	
4 Creation of an Appropriated Reserve Utilizing Net Resources	-	1,666,935	
TOTAL	4.00	\$ (816,000)	\$ 816,000

We further recommend Council approval of Part 3 of this report, "Council Request of Mayor to Continue to Pursue Fiscal Reforms During FY 2010;" and recommend that this approval be memorialized by resolution.

The Office of the Independent Budget Analyst

Andrea Tevlin
Independent Budget Analyst

Penni Takade
Deputy Director

Elaine DuVal
Fiscal & Policy Analyst

Tom Haynes
Fiscal & Policy Analyst

Jeff Kawar
Fiscal & Policy Analyst

Jeff Sturak
Fiscal & Policy Analyst

Dominika Bukalova
Research Analyst

Brittany Coppage
Research Analyst

Judy Stone
Executive Assistant

Attachment C

FY 2010 Position Adds - General Fund

Total General Fund Position Change	-130.39
Less: Transfers/Reductions	-167.45
Plus: May Revise Additions	4.34
Additions to General Fund	41.40

GENERAL FUND

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
11	Office of the Assistant COO	Assistant Chief Operating Officer	1.00	Unclassified
		Executive Secretary	1.00	MEA
51	City Auditor	Principal Auditor	3.00	Unclassified
52	City Treasurer	Assistant Investment Officer	1.00	Unclassified
55	Financial Management	Senior Budget Development Analyst	1.00	MEA
		Supervising Budget Development Analyst	1.00	Unrepresented
56	Debt Management	Program Coordinator	4.00	Unclassified
102	Purchasing & Contracting	Program Manager	2.00	Unclassified
110	Police	Payroll Specialist	0.25	MEA
120	Fire-Rescue	Assistant Fire Marshall	1.00	Local 145
		Account Clerk	2.00	MEA
150	Office of Homeland Security	Police Sergeant	0.35	POA
220	Community & Legislative Services	Program Manager (EGS)	1.00	Unclassified
Subtotal			18.60	

GENERAL FUND - New Facilities

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
72	Mt. Hope Cemetery	Grounds Maintenance Worker II	1.00	Local 127
310	Library	Librarian II	1.00	MEA
		Library Assistant	1.00	MEA
		Library Aide	1.25	MEA
		Library Clerk	1.00	MEA
442	Community Parks I	Grounds Maintenance Worker II	4.81	Local 127
		Recreation Leader I Hourly	0.75	Local 127
		Recreation Center Director III	0.75	Local 127
		Annualization of FY 2009	0.63	Local 127
443	Developed Regional Parks	Pesticide Applicator	1.00	Local 127
		Equipment Technician I	1.00	Local 127
		Light Equipment Operator	1.00	Local 127
		Aquatics Technician II	0.05	Local 127
444	Community Parks II	Grounds Maintenance Worker II	0.12	Local 127
		Annualization of FY 2009	0.10	Local 127
449	Open Space Division	Park Rangers	2.00	MEA
		Associate Management Analyst	1.00	MEA
New facilities subtotal			18.46	

GENERAL FUND - May Revise

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
45	City Attorney	Deputy City Attorney	2.00	DCAA
444	Park and Recreation	Swimming Pool Manager II	1.00	MEA
		Swimming Pool Manager III	1.00	MEA
		Supervising Recreation Specialist	0.34	MEA
General Fund May Revise Subtotal			4.34	

TOTAL General Fund	41.40
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Attachment C

FY 2010 Position Adds - Non General Funds

Total Non General Fund Position Change	-18.88
Less: Transfers/Reductions	-44.38
Plus: May Revise Additions	10.00
Additions to Non General Funds	35.50

NON GENERAL FUNDS

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
539	Communications	Clerical Assistant II	1.00	MEA
		Storekeeper II	1.00	MEA
760	Water Department	Sr. Engineering Aide	2.00	MEA
820	Fleet Services	Administrative Aide II	0.50	MEA
930	QUALCOMM Stadium	Plumber	1.00	Local 127
		Refrigeration Mechanic	1.00	Local 127
		Building Service Technician	7.00	Local 127
		Building Supv	1.00	MEA
		Gounds Maintenance Worker I	4.00	Local 127
		Electrician	1.00	Local 127
10275	Redevelopment	Sr Management Analyst	1.00	MEA
		Financial Operations Manager	1.00	Unclassified
50070	SAP Support	Payroll Audit Supervisors	2.00	MEA
18555	HUD Programs Administration	Accountant II	1.00	MEA
		Community Development Spec II	1.00	MEA
Non General Funds Subtotal			25.50	

NON GENERAL FUNDS - May Revise

Dept #	Department Title	Classification Title	FTE	Bargaining Unit
760	Water Department	Field Representative	4.00	MEA
		Customer Services Representative	2.00	MEA
		Code Compliance Officer	3.00	MEA
		Assoc Management Analyst	1.00	MEA
NGF May Revise Subtotal			10.00	

TOTAL Non General Funds 35.50

TOTAL City Position Adds 76.90

Summary by Bargaining Unit	FTE	% of total
Unclassified	13.00	16.9%
Unrepresented	1.00	1.3%
DCAA	2.00	2.6%
MEA	34.34	44.7%
Local 145	1.00	1.3%
POA	0.35	0.5%
Local 127	25.21	32.8%
Subtotal	76.90	100.0%

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 4, 2009

IBA Report Number: 09-47

City Council Docket Date: June 8, 2009

Item Number: 201

Budget Review Committee's Recommended Final Modifications to the FY 2010 Budget

On June 3, 2009, the Independent Budget Analyst presented IBA Report No. 09-45, "Fiscal Year 2010 Final Budget Report and Recommendations" to the Budget Review Committee. After hearing the results of the Mayor's May Revise and carefully considering the IBA's recommendations, the Committee unanimously approved forwarding the following motion to the City Council:

- Approval of Mayor's FY 2010 Proposed Budget dated April 14, 2009;
- Approval of Mayor's May Revision to the Fiscal Year 2010 Proposed Budget dated May 18, 2009;
- Approval of IBA Proposed Revisions to the FY 2010 Proposed Budget listed in Part 1 of IBA Report No. 09-45 dated May 29, 2009;
- Approval of Part 3 of IBA Report No. 09-45, "Council Request of Mayor to Continue to Pursue Fiscal Reforms During FY 2010".

The motion also included the following Council amendments:

1. Add items 16-22 to the list of FY 2010 fiscal reforms as presented in Attachment A of this report.
2. Request the Mayor to identify FY 2010 funding and resources to ensure the success of the Citizens Revenue Review and Economic Competitiveness Commission.

The Budget Review Committee recommends City Council approval of the actions outlined above.

Attachment D

Upon City Council approval, final steps leading to FY 2010 Final Budget Adoption are as follows:

Monday, June 8	Full Council Decisions on Final Budget Modifications
Tuesday, June 9	Mayor's Veto Period Begins
Tuesday, June 16	Mayor's Veto Period Ends
Wednesday, July 8	Budget and Finance Committee Review of Appropriation Ordinance
Monday, July 20	First Public Hearing of Appropriation Ordinance
Monday, July 27	Second Public Hearing of Appropriation Ordinance

[SIGNED]

Andrea Tevlin
Independent Budget Analyst

Attachment

Recommended FY 2010 Fiscal Reforms from Council Ideas (As Amended by the Budget Review Committee on June 3, 2009)

1. Work with the City Council to establish a Citizens Revenue Review and Economic Competitiveness Commission.
2. Complete and implement all Business Process Reengineering studies.
3. Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances.
4. Review with the City Council any reassessments under consideration for City's reserve goals for the following funds: Public Liability, Worker's Compensation, and General Fund.
5. Complete and bring forward to Council the results of the Development Services Department fee study and recommendations.
6. Implement reforms to strengthen oversight of independent agencies including SEDC, CCDC and SDDPC.
7. Address fiscal structural problems of the Refuse Disposal and Recycling Funds.
8. Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts.
9. Report results of all deferred maintenance assessments to Council upon their completion. Determine causes for delays in completion of deferred maintenance/capital projects and develop recommendations for improvements.
10. Develop and adopt a "Budget Policy" to provide agreed upon principles and best practices for annual budget monitoring and development.
11. Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium.
12. Complete processes necessary to allow managed competition decisions to move forward.
13. Work with the Council to undertake a Community Attitude Survey to gather scientifically random data on citizen prioritization and satisfaction of City services.
14. Present the results of Real Estate Assets' Portfolio Management Plan to Committee and Council.
15. Explore ways to expand commercial marketing and increase City resources using City facilities, vehicles, and publications.
16. Request the IBA and Mayor's Office provide cost information on completed FY 2009 ADA projects. Based on information provided, consider reducing FY 2010 funding for ADA projects consistent with FY 2009 total project costs.
17. Undertake study to determine cost neutrality of DROP as required by the Municipal Code.
18. Identify the status and uses of a 2006 \$2.2 million Energy Efficiency Loan and identify any other outstanding grants or loans awarded to the City but not utilized.
19. Review and recommend scheduling reforms for trash pick-up and collections by the Environmental Services Department.
20. Request the City Auditor to conduct a Revenue Audit of all City revenue sources.

Attachment D

Recommended FY 2010 Fiscal Reforms from Council Ideas (As Amended by the Budget Review Committee on June 3, 2009)

21. Request the Mayor and City Auditor to study transferring the Revenue Audit and Appeals Division of the City Treasurer's Office to the Office of the City Auditor.
22. Explore the feasibility of establishing a Retired Senior Volunteer Program (RSVP) for the Library Department.

(R-2009-1222)

REVISED

HEET

(201)
6/08

CLERK'S FILE COPY

RESOLUTION NUMBER R- 304958

DATE OF FINAL PASSAGE JUN 17 2009

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE FISCAL YEAR 2010 BUDGET, INCLUDING APPROVING THE MAYOR'S FISCAL YEAR 2010 PROPOSED BUDGET AND MAY REVISION, WITH THE INDEPENDENT BUDGET ANALYST RECOMMENDED MODIFICATIONS.

WHEREAS, according to section 290(b) of Article XV of the City Charter, "Prior to June 15 of each year, the Council shall satisfy its obligations under Charter section 71 by holding a minimum of two public hearings to consider the budget submitted by the Mayor; and

WHEREAS, prior to the June 15 deadline, and after at least two such public hearing have been held, the Council shall pass a resolution that either approves the budget as submitted by the Mayor or modifies the budget in whole or part; and

WHEREAS, the Mayor's May revision to the Fiscal Year 2010 Proposed Budget and Independent Budget Analyst's [IBA] Final Budget Report and Recommendation on the FY 2010 Budget was presented to the Budget Review Committee on June 3, 2009; and

WHEREAS, the Council amended the IBA's Final Budget Report and Recommendations on the FY 2010 Budget to include item 16-22 as presented in the IBA's Budget Review Committee's Recommended Final Modifications to the FY 2010 Budget, Report Number 09-47; and

WHEREAS, the Council also requested that the Mayor identify FY 2010 funding and resources to ensure the success of the Citizens Revenue Review and Economic Competitiveness Commission [CRRECC]; and

Attachment E

(R-2009-1222)
REVISED

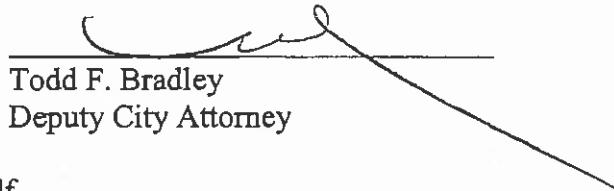
WHEREAS, the Council at the June 8, 2009 Council Meeting amended the Mayor's Fiscal 2010 Budget to reinstate up to an aggregate \$315,212 back to the Council budgets and take the reduction from the appropriated reserves and/or infrastructure funds at Council's discretion; NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego that the Mayor's Fiscal Year 2010 Proposed Budget, including the Mayor's May Revision to the Fiscal Year 2010 Proposed Budget with IBA recommended modifications as detailed in IBA Reports No. 09-45 and No. 09-47 together with the request that the Mayor identify FY 2010 funding and resources to ensure the success of the CRRECC and to reinstate the \$315,212 as stated above to the Council budgets is hereby approved.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to return, as soon as practicable, the Mayor's Proposed Fiscal Year 2010 Budget, as modified as stated above, to the Mayor in accordance with section 290(b)(2)(A) of the Charter.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Todd F. Bradley
Deputy City Attorney

TFB:jdf
05/28/2009
06/04/2009.COR.Copy
06/10/2009.REVISED
Or.Dept:IBA
R-2009-1222

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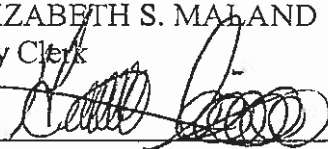
Attachment E

(R-2009-1222)

REVISED

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 08 2009.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6.17.09
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

P. 304958

RESOLUTION NUMBER R- 305100

DATE OF FINAL PASSAGE JUL 28 2009

RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO ADOPTING THE STATEMENT OF BUDGETARY
PRINCIPLES WITH RESPECT TO ADMINISTRATION BY THE
MAYOR OF THE FISCAL YEAR 2010 BUDGET

WHEREAS, in accordance with sections 71 and 290 of the Charter, the City Council will adopt the Appropriation Ordinance in order to provide for the appropriation and expenditure of funds for the Fiscal Year 2009-2010; and

WHEREAS, the Mayor and the City Council desire to provide for a more effective administration of the Fiscal Year 2010 budget; and

WHEREAS, the Independent Budget Analyst, in consultation with the Mayor, has prepared a Statement of Budgetary Principles (attached hereto as Exhibit A) which acknowledges the duties of the Mayor as Chief Budget Officer and Chief Fiscal Officer of the City, and the City Council as sole legislative and lawmaking body of the City; NOW, THEREFORE,


BE IT RESOLVED, by the Council of the City of San Diego, as follows:

Section 1. That the City Council hereby adopts the Statement of Budgetary Principles.

Section 2. That this resolution shall go into effect immediately upon passage of the Fiscal Year 2009-2010 Appropriation Ordinance.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Todd F. Bradley
Deputy City Attorney

TFB:jab
07/06/2009
Or.Dept:IBA
R-2010-29

Attachment F

(R-2010-29)

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 20 2009

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 7.28.09
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

FY 2010 STATEMENT OF BUDGETARY PRINCIPLES

WHEREAS, pursuant to section 265(b)(15) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 13, 2009, the Mayor released the Fiscal Year 2010 Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2010 Budget and discussed such budget at several public meetings beginning on April 29, 2009 and ending on May 18, 2009, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2010 Budget; and

WHEREAS, Council members submitted their budget ideas which were presented and discussed at the meetings of the Budget Review Committee on May 8, 2009, and May 18, 2009 ; and

WHEREAS, on May 18, 2009, the Mayor delivered a supplementary budget report to the Council (referred to as the May Revision) making technical changes to the Fiscal Year 2010 Budget; and

WHEREAS, on June 3, 2009, the Budget Review Committee reviewed the Mayor's May Revision and the Report of the Independent Budget Analyst, dated May 29, 2009, entitled "Fiscal Year 2010 Final Budget Report and Recommendations", and recommended to the City Council adoption of the Mayor's Fiscal Year 2010 Budget, including certain amendments thereto; and

WHEREAS, on June 8, 2009 the Council approved the Fiscal Year 2010 Budget, together with the Mayor's May Revision, and budget modifications as recommended by the IBA, and forwarded the same to the Mayor for his consideration under Charter section 290(b)(2); and

WHEREAS, on June 17, 2009 the Mayor approved the Fiscal Year 2010 Budget, in accordance with Charter section 290(b)(2)(A); and

WHEREAS, in accordance with Charter section 290(b)(2), on June 17, 2009 the Fiscal Year 2010 Budget became the controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 71 and 290(c), the Council is required to adopt an appropriation ordinance during the month of July to establish budgetary appropriations for the Fiscal Year 2010 Budget; and

Attachment F

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2010 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a framework for the administration by the Mayor of the Fiscal Year 2010 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs;

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2010 Budget:

Fiscal Year 2010 Budget---Communication

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Under pre-defined criteria as set forth below, the Mayor will provide Council with prior written notice of the elimination of any program or service funded by the Fiscal Year 2010 Budget. The notice shall describe with reasonable specificity the budgetary and/or fiscal rationale supporting the elimination of the program or service, and the service level impact, if any.
4. The Mayor will also provide Council with prior written notice of a material or significant reduction in any program or service affecting the community based on the criteria set forth below. Such notice will consist of a memo from the Mayor to the Council and the City Clerk describing the budgetary and/or fiscal reasons supporting the change, and the likely service level impact. Notwithstanding the forgoing, the Mayor need not give notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent.

Written notification of a service or program reduction will be triggered by criteria based on four categories of Fund Centers at the Group Level (as identified in the City's new Financial Accounting System) and the corresponding size of the proposed service reduction:

Fund Center/Group Level*	Up to \$2.0M	\$2.0M to \$5.0M	\$5.0M to \$10.0M	\$10.0 M Plus
Service Criteria Trigger	\$200,000+	\$500,000+	\$1.0M+	\$1.5M+

* As identified in the new financial accounting system (OneSD).

Notwithstanding anything herein to the contrary, the Mayor shall provide written notice to the Council, as part of the Auditor's reports as required by Charter Section 39, and also as part of the Mayor's next quarterly report to the Council, when the cumulative amount of Fiscal Year 2010 budgetary reductions undertaken for any reasons reaches 3% of the General Fund of the City, or 3% of any other Major Fund of the City (provided that any such reductions shall not cause the City to breach or violate any covenant or other obligation to which such Major Fund may be subject). Such notice shall describe the nature of the budgetary reductions, the fiscal reasons therefor, and the impact on City services, if any. For purposes of this paragraph, Major Fund of the City shall mean the Water Enterprise Fund, the Sewer Enterprise Fund, the Development Services Enterprise Fund, and the Airports Enterprise Fund.

Fiscal Year 2010 Budget---Appropriation Ordinance

1. Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2010 Budget.
2. The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2010 Budget, including the appropriations reflected in the Fiscal Year 2010 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
3. The Council shall have no authority to make or adopt changes to the Fiscal Year 2010 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter sections 28 and 81, the Mayor has the authority to allocate Fiscal Year 2010 Budget appropriations within departments in order to best carry out the Council's legislative intent.

Attachment F

5. The Appropriation Ordinance implements the Fiscal Year 2010 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Council may restore a program or service which has been recommended for elimination or reduction by the Mayor by docketing and considering such action upon the request of four Council members.

The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor, and shall not apply to offices independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

CLERK'S FILE COPY

(O-2010-3)

ORDINANCE NUMBER O- 19887 (NEW SERIES)

DATE OF FINAL PASSAGE JUL 27 2009

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
THE FISCAL YEAR 2010 AND APPROPRIATING THE
NECESSARY MONEY TO OPERATE THE CITY OF
SAN DIEGO FOR SAID FISCAL YEAR.

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. The budget for the expense of conducting the affairs of the City of San Diego for the fiscal year commencing July 1, 2009, and ending June 30, 2010, heretofore prepared and submitted to this Council by the Mayor and amended through the Mayor's Revision submitted May 18, 2009, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council, all of which was approved by Council on June 8, 2009, and on file in the Office of the City Clerk as Resolution No. R-304958 is hereby adopted as the Annual Budget for said fiscal year.

Section 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment I and in the approved Capital Improvement Program Budget, which defines the legal levels at which the Chief Financial Officer (CFO), as designee of the Mayor, shall control operational and capital project spending.

I. GENERAL FUND

(A) The CFO is authorized and directed to deposit any revenues in excess of expenditures at fiscal year end to the General Fund Unappropriated Reserve.

(B) The CFO is authorized and directed to increase expenditure appropriations of the General Fund Appropriated Reserve from revenue in excess of expenditures at fiscal year end

Attachment G

(O-2010-3)

and/or the General Fund Unappropriated Reserve for the purpose of achieving the 5% minimum General Fund Emergency Reserve balance at year end, as defined in the City Reserve Policy.

(C) The CFO is authorized, upon adopted Council resolution, to transfer appropriations from the General Fund Appropriated Reserve to other General Fund departments.

(D) The CFO is authorized to appropriate and expend interest earnings and/or original issue premium generated from the issuance and/or administration of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance, including interest costs.

(E) The provisions in the Library Ordinance, Municipal Code Section 22.0228, restricting funding are hereby waived.

(F) The CFO is authorized to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

(G) The CFO is authorized to increase and/or decrease revenue and expenditure appropriations for the purpose of implementing Council approved economic development, business incentive and other programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver-Enterprise Zones Program (Council Policy 900-12), the Small Business Enhancement Program (Council Policy 900-15), the Storefront Improvement Program (Council Policy 900-17), the Community Parking District Policy (Council Policy 100-18), and Mission Bay and Other Regional Park Improvements (Municipal Code Section 22.0229).

(H) The CFO is authorized to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.

II. SPECIAL REVENUE FUNDS

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(A) Community Development Block Grant Funds

(1) Community Development Block Grant Funds are appropriated for the purposes established by the grant provisions as approved and authorized by Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the Community Development Block Grant Funds on June 30, 2010 shall be carried forward to future years for the purpose of completing said authorized activities in accordance with Council Policy 700-02 which includes the requirements to use funds within three years of allocation.

(2) The CFO is authorized, upon the direction of the respective Council District, to allocate the Council District's reserves or reallocate appropriations from budgeted projects later determined ineligible to new or existing CDBG eligible projects.

(3) The CFO is authorized to transfer a maximum of \$100,000 per capital project from fund reserves or excess program income to projects for eligible costs, such as engineering, in excess of previously approved appropriations.

(B) Transient Occupancy Tax Fund (200205)

(1) The provisions in Municipal Code section 35.0128(a) restricting the use of transient occupancy tax revenues are hereby waived.

(2) The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. Notwithstanding the foregoing, the Council hereby waives certain provisions of Council Policy 100-03, Attachment II, for the entities set forth below:

San Diego Regional Economic Development Corporation B-3

Horton Plaza Theatres Foundation B-1, B-2, and B-4

Attachment G

(O-2010-3)

Nothing contained in this paragraph shall be deemed to constitute a waiver of the ban prohibiting the use of Transient Occupancy Tax funds for the purchase of alcoholic beverages.

(3) The Mayor or designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by Council for Fiscal Year 2010. It is the intent of the Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with the Council Policy 100-03.

(C) Environmental Growth Funds (200110, 200111, 200109)

(1) It is the intent of the Council that the Environmental Growth Fund appropriations are to be expended for those purposes described in City Charter Section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance 19159 are hereby waived.

(2) Any monies deposited in the Environmental Growth Fund in excess of estimated revenue as described in Section 103.1a of the City Charter and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by Council resolution. The Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Section 103.1a of the Charter. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by Council.

(D) Maintenance Assessment District Funds

The CFO is authorized to transfer allocations from contributing Maintenance Assessment District Funds excess revenue or reserves to increase the appropriations to reimburse the

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Maintenance Assessment District Management Fund accordingly, in the event that actual expenses related to administration exceed budgeted levels

(E) Zoological Exhibits Fund (200219)

The CFO is authorized to appropriate and expend from unanticipated revenues or fund balance for the purpose of transferring funds to support zoological exhibits in accordance with City Charter Section 77A.

III. DEBT SERVICE FUNDS

General Obligation Bond Interest and Redemption Fund (300000)

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of General Obligation bonds authorized in an election held on June 5, 1990 by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS

(A) Any additions to or deletions from the Capital Improvements Program, as may be required, shall be made by Council resolution provided funding is available for such action. The CFO is authorized to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.

(B) The CFO is authorized to close completed Capital Improvements Program projects and transfer unexpended balances to the appropriate Unallocated Reserve, Annual Allocation or Fund Balances as a result of the closure.

(C) The CFO is authorized to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from Unallocated Reserves, Annual Allocations,

Attachment G

(O-2010-3)

earned interest or Unappropriated Fund Balances to Capital Improvements Program projects to reimburse eligible costs in excess of approved appropriations at project completion.

(D) The CFO is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the CFO is authorized and directed to advance funds as required for grant funded projects based on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(E) The CFO is authorized to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.

**(F) Facilities Benefit Assessment Funds and Development Impact Fee Funds
(400080-400095, 400111-400136, 400097-400110)**

(1) The CFO is authorized to modify individual project appropriations in accordance with Council-approved Community Public Facilities Financing Plans.

(2) The CFO is authorized to reallocate DIF funded appropriations between Council-approved projects to expedite the use of DIF funds in accordance with AB1600 requirements.

(3) The CFO is authorized to appropriate DIF funds for the purpose of transferring monies to the Redevelopment Agency of the City of San Diego (Agency) for reimbursable capital project expenditures as authorized by City Council resolution R-300013 dated December 7, 2004 and the Redevelopment Agency resolution R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.

Attachment G

(O-2010-3)

(4) The CFO is authorized to appropriate in the FBA and DIF funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.

(G) TransNet and TransNet Extension Funds (400156, 400169-400174)

(1) The TransNet Extension Funds (400169-400174) are hereby appropriated for the purposes authorized by Proposition A - San Diego County Transportation Improvement; the Regional Transportation Improvement Program (RTIP) and the Annual Budget Document.

(2) The CFO may reallocate appropriations among the projects contained in the RTIP and the Capital Improvements Program Budget provided that such reallocation does not increase or decrease the total TransNet appropriations. The CFO may appropriate and reallocate TransNet Extension Congestion Relief cash, TransNet Extension Congestion Relief commercial paper, and TransNet (original program) cash appropriations among Council approved TransNet Funded projects to reduce the use of debt and maximize the use of cash in these funds. The Mayor is authorized as the Council designee to direct the San Diego Association of Governments (SANDAG) to amend the RTIP for such reallocations.

(3) Any monies deposited in the TransNet funds in excess of estimated revenue and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which said Funds were created and may be appropriated and expended by the CFO provided that such an increase is part of the RTIP.

(H) Infrastructure Improvement Fund (400184)

(1) Any carryover monies from the previous fiscal year in the Infrastructure Improvement Fund (400184) are hereby appropriated for the purpose of financing capital improvements and major maintenance of streetlights, sidewalks, traffic signals, libraries, parks and recreation

Attachment G

(O-2010-3)

facilities, and roadways, or any other general fund purposes or activities as identified by the Mayor or individual Council Districts.

(2) Funds from the Infrastructure Improvement Fund may be transferred and appropriated upon the direction of the Mayor for purposes identified by the Mayor for the Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds. Any request by the Mayor or individual Council Districts to use funds from the Infrastructure Improvement Fund for programs or activities of external organizations requires an additional Council resolution.

(3) The CFO is authorized to add and establish capital improvement projects not currently in the Capital Improvements Program for purposes identified by the Mayor for the Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds. The CFO is authorized to transfer any Infrastructure Improvement Funds deemed to be surplus in a project to the individual Infrastructure Improvement Fund.

V. ENTERPRISE FUNDS

(A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.

(B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The CFO is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required, consistent with the City Reserve Policy.

(C) The CFO may reallocate appropriations and associated encumbrances from any Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation.

(O-2010-3)

Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the capital project budget.

(D) The CFO is authorized to increase expenditure appropriations for the purpose of implementing the Metropolitan Wastewater Department and Water Department Memorandum of Understanding for Bid to Goal Public Contract Operations Agreement.

VI. INTERNAL SERVICE FUNDS

(A) The CFO is hereby authorized to distribute surplus retained earnings or excess contributions from various internal service funds back to appropriate contributing funds or between employee benefit-related internal service funds.

(B) Equipment Operating Fund (720000) and Equipment Replacement Fund (720009)

The CFO is hereby authorized to redistribute contributions among the Equipment Operating and Equipment Replacement internal service funds or to advance funds between these internal service funds.

(C) Central Stores Fund (720040), Publishing Services Fund (720041), Equipment Operating Fund (720000), Equipment Replacement Fund (720009), and Risk Management Administration Fund (720048)

The CFO is hereby authorized to appropriate expenditures from unanticipated revenues for the purpose of allowing for the uninterrupted provision of services.

VII. TRUST AND AGENCY FUNDS

These funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and state

Attachment G

(O-2010-3)

income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The CFO is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

Section 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by Council and in accordance with provisions of grant agreements.

Section 4. The CFO is authorized to release excess rate stabilization funds and debt service stabilization funds to the appropriate unallocated reserve or fund balance, consistent with the City Reserve Policy.

Section 5. The CFO is authorized and directed to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current fiscal year.

Section 6. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

Section 7. All Funds, established by Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The CFO is authorized and directed to expend monies within the funds for services provided by those

(O-2010-3)

funds. The CFO is authorized and directed to return any surplus monies to the contributing funds or, when the contributing funds cannot be legally determined, to the General Fund.

Section 8. The CFO is authorized and directed to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the CFO to the Risk Management Administration Fund (720048) to be expended, up to the full forfeited amount, for programs which benefit City employees.

The CFO is authorized and directed to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

Section 9. The CFO is authorized and directed to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The CFO may transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

Section 10. The CFO is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

Section 11. All revenues generated consistent with the Public Trust pursuant to Section 6306 of the Public Resources Code in relation to operation of Mission Bay Park and Ocean Beach Park in excess of expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Excess

0-10887

Attachment G

(O-2010-3)

revenues are hereby appropriated for said purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City of San Diego pursuant to section 6306 of the Public Resources Code are hereby appropriated for purposes consistent with the public trust.

Section 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue are hereby transferred by the CFO to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by Article XIII B of the California State Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$2,945,938,076 a portion of which will be derived from proceeds of taxes as defined within Article XIII B of the State Constitution.

It is the intent of this ordinance to comply with Article XIII B of the California State Constitution.

Section 13. The CFO is authorized and directed to modify appropriations in accordance with the Fiscal Year 2010 Tax Rate Ordinance as approved by Council. Further, the CFO is directed to modify the Annual Budget Document in accordance with the Tax Rate Ordinance.

Section 14. The CFO is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if the source cannot be determined, to the General Fund Unappropriated Reserve. The CFO shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

Attachment G

(O-2010-3)

Section.15. The CFO is hereby authorized to restrict from the departmental appropriations as set forth in Attachment I an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the restricted funds may be released. Notification will be provided to City Council in accordance with the Council-approved FY 2010 Statement of Budgetary Principles.

Section 16. The CFO is authorized to transfer appropriations to transition to the new accounting system and restructure accounts as necessary where the reallocation does not result in a net increase or decrease to the total City budget, does not result in a net change by funding source and does not change the scope or purpose for which funding was appropriated by Council.

Section 17. It is the express intent of the City Council that, notwithstanding anything to the contrary herein, any economic benefit, savings, or effect of this ordinance shall not be used, directly or indirectly, to fund, support in any way, or ratify any employment or retirement benefit determined to be illegal by a court of law.

Section 18. The powers of the Council not delegated to the Mayor and CFO, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

Section 19. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to the day of its final passage.

Section 20. This ordinance is declared to take effect and be in force immediately upon its passage after two (2) public hearings pursuant to the authority contained in Sections 71, 275, and 295 of the Charter of the City of San Diego.

Attachment G

(O-2010-3)


Section 21. The Mayor shall have no veto power over this ordinance pursuant to Section 280(a)(4) of the Charter of the City of San Diego.

Section 22. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public a day prior to its passage.

Section 23. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Todd Franklin Bradley
Deputy City Attorney

TFB:cfq
07/09/09
Or.Dept:Labor Relations
O-2010-3

Attachment G

ATTACHMENT I Fiscal Year 2010 Operating and Capital Appropriations

OPERATING APPROPRIATIONS	Salary & Wages	Fringe & Non- Personnel	FY 2010 Appropriation
General Fund			
Administration	\$ 1,336,481	\$ 2,579,282	\$ 3,915,763
Business Office	\$ 704,069	\$ 751,988	\$ 1,456,057
City Attorney	\$ 23,042,181	\$ 14,748,450	\$ 37,790,631
City Auditor	\$ 1,458,134	\$ 1,073,283	\$ 2,531,417
City Clerk	\$ 2,192,300	\$ 2,212,228	\$ 4,404,528
City Comptroller	\$ 5,846,636	\$ 4,752,040	\$ 10,598,676
City Council - District 1	\$ 458,991	\$ 480,509	\$ 939,500
City Council - District 2	\$ 435,933	\$ 503,567	\$ 939,500
City Council - District 3	\$ 523,174	\$ 443,812	\$ 966,986
City Council - District 4	\$ 459,875	\$ 479,625	\$ 939,500
City Council - District 5	\$ 501,060	\$ 470,440	\$ 971,500
City Council - District 6	\$ 397,959	\$ 573,541	\$ 971,500
City Council - District 7	\$ 500,438	\$ 471,062	\$ 971,500
City Council - District 8	\$ 515,928	\$ 455,572	\$ 971,500
City Planning and Community Investment	\$ 4,650,340	\$ 10,152,341	\$ 14,802,681
City Treasurer	\$ 6,262,462	\$ 11,604,281	\$ 17,866,743
Citywide Program Expenditures	\$ -	\$ 52,921,079	\$ 52,921,079
Community & Legislative Services	\$ 3,102,094	\$ 2,775,931	\$ 5,878,025
Council Administration	\$ 900,826	\$ 811,255	\$ 1,712,081
Debt Management	\$ 1,498,456	\$ 1,133,636	\$ 2,632,092
Department of Information Technology	\$ -	\$ 16,511,184	\$ 16,511,184
Development Services	\$ 3,500,186	\$ 3,030,411	\$ 6,530,597
Engineering and Capital Projects	\$ 35,457,071	\$ 27,886,996	\$ 63,344,067
Environmental Services	\$ 8,495,685	\$ 28,774,907	\$ 37,270,592
Ethics Commission	\$ 569,858	\$ 321,429	\$ 891,287
Financial Management	\$ 2,221,579	\$ 1,566,700	\$ 3,788,279
Fire-Rescue	\$ 104,676,487	\$ 86,416,084	\$ 191,092,571
General Fund Appropriated Reserve	\$ -	\$ 1,666,935	\$ 1,666,935
General Services	\$ 18,769,195	\$ 42,624,113	\$ 61,393,308
Human Resources	\$ 1,229,064	\$ 1,237,087	\$ 2,466,151
Library	\$ 17,148,924	\$ 19,919,333	\$ 37,068,257
Office of Homeland Security	\$ 792,846	\$ 743,374	\$ 1,536,220
Office of the Assistant COO	\$ 344,592	\$ 181,650	\$ 526,242
Office of the Chief Financial Officer	\$ 308,231	\$ 571,242	\$ 879,473
Office of the IBA	\$ 946,875	\$ 506,359	\$ 1,453,234
Office of the Mayor and COO	\$ 404,850	\$ 237,384	\$ 642,234
Park & Recreation	\$ 31,421,834	\$ 54,531,025	\$ 85,952,859
Personnel	\$ 3,549,369	\$ 2,678,087	\$ 6,227,456
Police	\$ 220,267,609	\$ 177,990,959	\$ 398,258,568
Public Works	\$ 187,333	\$ 127,074	\$ 314,407
Purchasing & Contracting	\$ 2,290,633	\$ 1,976,631	\$ 4,267,264
Real Estate Assets	\$ 2,128,316	\$ 1,669,784	\$ 3,798,100
Storm Water	\$ 6,635,620	\$ 31,015,628	\$ 37,651,248
Water	\$ -	\$ 1,994,583	\$ 1,994,583
General Fund Total	\$ 516,133,494	\$ 613,572,881	\$ 1,129,706,375

Attachment G

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non-Personnel	FY2010 Appropriation
Debt Service and Tax Funds			
Public Safety Communication Bonds	\$ -	\$ 2,327,798	\$ 2,327,798
Tax and Revenue Anticipation Notes Fund	\$ -	\$ 1,326,331	\$ 1,326,331
Debt Service and Tax Funds Total	\$ -	\$ 3,654,129	\$ 3,654,129
Special Revenue Funds			
AB 2928 - Transportation Relief	\$ -	\$ 15,535,558	\$ 15,535,558
Automated Refuse Container Fund	\$ -	\$ 500,000	\$ 500,000
Balboa / Mission Bay Improvement	\$ -	\$ 9,041,884	\$ 9,041,884
Concourse and Parking Garages Fund	\$ 112,265	\$ 3,871,971	\$ 3,984,236
Convention Center Complex	\$ -	\$ 21,784,341	\$ 21,784,341
Emergency Medical Services	\$ 4,012,859	\$ 3,141,864	\$ 7,154,723
Energy Conservation Program Fund	\$ 611,843	\$ 1,233,536	\$ 1,845,379
Environmental Growth Fund 1/3	\$ -	\$ 5,552,099	\$ 5,552,099
Environmental Growth Fund 2/3	\$ -	\$ 8,896,882	\$ 8,896,882
Facilities Financing Fund	\$ 1,023,244	\$ 1,450,120	\$ 2,473,364
Fire and Lifeguard Facilities Fund	\$ -	\$ 1,663,782	\$ 1,663,782
Gas Tax	\$ -	\$ 24,644,732	\$ 24,644,732
HUD Programs Administration Fund	\$ 862,952	\$ 1,437,244	\$ 2,300,196
Information Technology Fund	\$ 1,585,747	\$ 2,719,092	\$ 4,304,839
Library Grants Fund	\$ 150,000	\$ 305,000	\$ 455,000
Los Penasquitos Canyon Preserve	\$ 104,673	\$ 90,165	\$ 194,838
New Convention Center	\$ -	\$ 3,905,278	\$ 3,905,278
PETCO Park	\$ 106,700	\$ 23,316,534	\$ 23,423,234
Police Decentralization Fund	\$ -	\$ 7,824,648	\$ 7,824,648
Public Art Fund	\$ -	\$ 30,000	\$ 30,000
QUALCOMM Stadium Operating Fund	\$ 1,998,526	\$ 16,081,599	\$ 18,080,125
Redevelopment Fund	\$ 2,109,257	\$ 1,290,339	\$ 3,399,596
SAP Support	\$ 1,277,973	\$ 11,314,888	\$ 12,592,861
Seized & Forfeited Assets Fund	\$ -	\$ 2,042,684	\$ 2,042,684
Solid Waste Local Enforcement Agency	\$ 383,226	\$ 511,479	\$ 894,705
STOP-Serious Traffic Offenders Program	\$ -	\$ 1,200,000	\$ 1,200,000
Storm Drain Fund	\$ -	\$ 6,046,746	\$ 6,046,746
Transient Occupancy Tax Fund	\$ 618,616	\$ 79,858,756	\$ 80,477,372
TransNet Extension	\$ -	\$ 10,066,296	\$ 10,066,296
Trolley Extension Reserve	\$ -	\$ 6,074,131	\$ 6,074,131
Utilities Undergrounding Program	\$ 378,021	\$ 795,374	\$ 1,173,395
Wireless Communications Technology Fund	\$ 3,347,975	\$ 6,707,690	\$ 10,055,665
Zoological Exhibits	\$ -	\$ 9,679,780	\$ 9,679,780
Special Revenue Funds Total	\$ 18,683,877	\$ 288,614,492	\$ 307,298,369
Enterprise Funds			
City Airport Fund	\$ 972,661	\$ 2,127,737	\$ 3,100,398
Development Services Enterprise Fund	\$ 18,213,337	\$ 25,795,793	\$ 44,009,130
Golf Course Enterprise	\$ 3,973,130	\$ 9,712,587	\$ 13,685,717
Recycling Fund	\$ 7,033,005	\$ 14,662,268	\$ 21,695,273
Refuse Disposal Fund	\$ 9,244,355	\$ 27,521,468	\$ 36,765,823
Sewer Funds	\$ 51,186,936	\$ 308,084,269	\$ 359,271,205
Water Department Fund	\$ 44,269,273	\$ 340,271,765	\$ 384,541,038
Enterprise Funds Total	\$ 134,892,697	\$ 728,175,887	\$ 863,068,584

Attachment G

OPERATING APPROPRIATIONS (continued)	Salary & Wages	Fringe & Non- Personnel	FY2010 Appropriation
Internal Service Funds			
Central Stores Internal Service Fund	\$ 802,301	\$ 22,978,256	\$ 23,780,557
Fleet Services	\$ 13,319,686	\$ 72,800,829	\$ 86,120,515
Publishing Services Internal Fund	\$ 1,062,520	\$ 4,413,342	\$ 5,475,862
Risk Management Administration	\$ 4,374,601	\$ 4,725,604	\$ 9,100,205
Internal Service Funds Total	\$ 19,559,108	\$ 104,918,031	\$ 124,477,139
Other Service Funds			
City Employees' Retirement System	\$ 5,003,580	\$ 34,291,984	\$ 39,295,564
Other Service Funds Total	\$ 5,003,580	\$ 34,291,984	\$ 39,295,564
TOTAL OPERATING APPROPRIATIONS	\$ 694,272,756	\$ 1,773,227,404	\$ 2,467,500,160

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

Legacy CIP	New CIP		FY2010 Appropriation
Airports			
31-001.0	A-AA.00001	Annual Allocation - Montgomery Field	\$ 950,000
31-001.1	A-AA.00002	Annual Allocation - Brown Field	\$ 850,000
		Airports Total	\$ 1,800,000
City Planning and Community Investment			
39-803.0	S-01080	Annual Allocation - Downtown Parking Projects	\$ 5,500,000
		City Planning and Community Investment Total	\$ 5,500,000
Engineering & Capital Projects			
12-152.0	S-00605	Famosa Slough Salt Marsh Restoration	\$ 22,000
12-160.0	S-00607	La Jolla Ecological Reserve Area of Special Biological Significance	\$ 700,000
12-162.0	S-00969	Carmel Country Road Low Flow Channel	\$ 500,000
13-501.0	S-00609	Talbot Street Slope	\$ 2,000,000
37-028.0	A-ID.00001	Annual Allocation - Undergrounding of City Utilities	\$ 48,857,037
37-064.0	A-BE.00001	Annual Allocation - ADA Improvements	\$ 11,069,316
39-086.0	S-00699	Azalea Park Roadway Improvements and Neighborhood Identification	\$ 60,000
		El Cajon Boulevard Commercial Revitalization - Interstate 805 to 54th Street	\$ 200,000
39-209.0	S-00826	Interstate 5/State Route 56 North Freeway Connectors	\$ 100,000
52-311.0	S-00707	Genesee Avenue - Widen Interstate 5 Crossing	\$ 14,600,000
52-372.0	S-00839	Carroll Canyon Road - Sorrento Valley Road to Scranton Road	\$ 10,150,000
52-392.0	S-00841	Camino Ruiz, San Dieguito Road to Carmel Valley Road - Wildlife Crossing	\$ 4,243,200
52-404.0	*	43rd Street and Logan/National Avenue Intersection	\$ 3,000,000
52-409.0	S-00845	State Route 163 and Friars Road	\$ 2,500,000
52-455.0	S-00851	El Camino Real - San Dieguito Road to Via de la Valle	\$ 1,980,000
52-479.0	S-00856	Carmel Valley Road - 300 Feet East of Portofino Drive to Del Mar	\$ 75,000
52-517.0	S-00859	First Avenue Bridge over Maple Canyon - Rehabilitation	\$ 400,000
52-554.0	S-00862	Georgia Street Bridge/University Avenue Improvements	\$ 421,000
52-555.0	S-00863		

* CIP project is newly published or activity begins in 2010 and currently does not have a new CIP number assigned.

** Redistribution to other CIP projects.

Attachment G

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

Legacy CIP	New CIP		FY2010 Appropriation
Engineering & Capital Projects (continued)			
52-592.0	S-00865	Aldine Drive and Fairmount Avenue - Slope Restoration	\$ 1,100,000
52-616.0	S-00868	North Torrey Pines Road - Genesee Avenue to Torrey Pines Science Park	\$ 3,510,750
52-641.0	*	Triple Pipe Crossing - Dennery Road	\$ 119,246
52-643.0	S-00871	West Mission Bay Drive Bridge over San Diego River	\$ 100,000
52-657.0	*	Dennery Road - East	\$ 239,807
52-676.0	S-00878	Mira Sorrento Place - Scranton Road to Vista Sorrento Parkway	\$ 60,000
52-682.1	S-00724	Otay Truck Route Widening Phase III & IV	\$ 400,000
52-683.0	S-00883	Debt Service for TransNet Commercial Paper Funded Projects	\$ 127,812
52-706.0	S-00888	Sea World Drive Widening and Interstate 5 Interchange Improvements	\$ 2,000,000
52-715.0	A-IK.00001	Annual Allocation - Sidewalks - Citywide	\$ 176,000
52-745.0	S-00905	Clairemont Mesa Boulevard/SR-163 Improvements	\$ 600,000
52-747.0	S-00906	Carmel Valley Road - Street A to Neighborhood Parkway	\$ 4,900,000
52-761.0	S-00910	University Avenue Sidewalk from 54th St to 68th St	\$ 200,000
52-763.0	S-00912	Skyline Drive Median & Parkway Improvements	\$ 325,000
52-764.0	S-00913	Palm Avenue Roadway Improvements	\$ 300,000
52-766.0	S-00915	University Avenue Mobility Project	\$ 200,000
52-776.0	S-00924	Prospect Street/Silverado Street Roundabout	\$ 891,000
52-815.0	*	Torrey Meadows Drive Overcrossing	\$ 612,666
53-050.0	S-00935	North Torrey Pines Road Bridge over Los Penasquitos Creek	\$ 471,000
58-127.0	S-00731	State Route 15 Bikeway	\$ 240,000
58-156.0	S-00949	Ocean Beach Bike Path/Hotel Circle North Bikeway Design	\$ 468,884
58-196.0	S-00960	University Avenue at Alabama Street Bicycle and Pedestrian Safety Improvements	\$ 630,000
58-208.0	S-00981	El Camino Real/State Route-56 Bike Path Connector Paving	\$ 217,500
59-021.0	A-ID.00002	Annual Allocation - Transportation Grant Matches	\$ 348,536
59-023.0	A-ID.00003	Annual Allocation - Preliminary Engineering for Congestion Relief Projects	\$ 50,000
61-001.0	A-IL.00001	Annual Allocation - Traffic Control/Calmng Measures	\$ 408,000
62-331.0	A-IL.00002	Annual Allocation - Traffic Signal Interconnect Projects	\$ 100,000
62-332.0	S-00985	25th Street Renaissance Project	\$ 469,000
62-333.0	S-00986	Via Capri Traffic Calming Project	\$ 50,000
68-001.0	A-IL.00003	Annual Allocation - Traffic Signals - Cooperative Projects	\$ 250,000
68-010.0	A-IL.00004	Annual Allocation - Traffic Signals - Citywide	\$ 305,000
68-011.0	A-IL.00005	Annual Allocation - Traffic Signals - Modifications/Modernization	\$ 800,000
		Engineering & Capital Projects Total	\$ 121,547,754
Environmental Services			
32-010.0	S-01084	Unclassified Disposal/Burn Site Closures	\$ 50,000
32-011.0	S-00682	Arizona Landfill - Closure	\$ 460,000
32-014.0	S-00774	West Miramar Phase II - Landfill Gas System	\$ 480,000
32-017.0	A-KB.00001	Annual Allocation - Groundwater Monitoring Network	\$ 250,000
32-018.0	S-00776	South Chollas Landfill - Gas Upgrades	\$ 40,000
32-020.0	S-00684	South Chollas Landfill - Improvements	\$ 800,000
32-021.0	S-01085	Environmental Services Department Operations Yard Improvements	\$ 500,000

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 ** Redistribution to other CIP projects.

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

Legacy CIP	New CIP		FY2010 Appropriation
Environmental Services (continued)			
32-024.0	S-00779	South Miramar Landfill Slopes	\$ 2,100,000
37-004.0	A-FA.00001	Annual Allocation - Minor Landfill Requirements	\$ 250,000
37-041.0	A-BT.00004	Citywide Energy Improvements	\$ 200,000
37-056.0	S-01074	West Miramar Refuse Disposal Facility - Phase II	\$ 300,000
37-057.0	S-00975	Miramar Landfill Greenery Expansion	\$ 200,000
37-074.0	S-01087	Environmental Services Facilities Improvement	\$ 122,194
37-254.0	S-01088	Future Waste Management Disposal and Processing Facilities	\$ 1,750,000
		Environmental Services Total	\$ 7,502,194
Fire-Rescue			
29-494.0	S-00644	Children's Pool - Lifeguard Station and Restroom Improvements	\$ 700,000
33-090.0	S-00688	Fire Station 45 - Mission Valley	\$ 3,000,000
33-102.0	S-00787	Fire Station 22 - Point Loma Reconstruction	\$ 200,000
33-505.0	S-00792	La Jolla Cove Lifeguard Station	\$ 200,000
		Fire-Rescue Total	\$ 4,100,000
General Services			
37-068.0	A-BT.00001	Annual Allocation - City Facilities Improvements	\$ 11,800,000
37-075.0	*	Fitting Facility Expansion	\$ 350,000
		General Services Total	\$ 12,150,000
Library			
35-086.0	*	Otay East Branch Library	\$ 885,000
35-100.0	S-00806	Ocean Beach Branch Library	\$ 75,000
35-102.0	S-00808	Balboa Branch Library (Clairemont Mesa)	\$ 450,000
		Library Total	\$ 1,410,000
Metropolitan Wastewater			
40-931.0	S-00302	South Mission Valley Trunk Sewer	\$ 9,410,258
41-926.0	A-BP.00001	Annual Allocation - Metropolitan System Pump Stations	\$ 337,459
		Annual Allocation - Pump Stations 64, 65, Penasquitos and East Mission	
41-927.0	A-BP.00002	Gorge	\$ 540,496
41-929.0	S-00303	Pump Station Upgrades	\$ 4,950,400
41-942.0	S-00309	North City Water Reclamation Sludge Pump Station Upgrade	\$ 150,000
42-913.0	A-BO.00001	Annual Allocation - Metro Treatment Plants	\$ 3,742,975
44-001.0	A-JA.00001	Annual Allocation - Sewer Main Replacements	\$ 41,807,474
45-915.0	S-00312	Pump Station 2 Onsite Standby Power	\$ 748,800
45-940.0	S-00314	Wet Weather Storage Facility - Phase I	\$ 280,766
45-983.0	S-00339	Metro Biosolids Center Dewatering Centrifuges Replacement	\$ 277,842
45-989.0	S-00323	Metro Biosolids Center Odor Control Facility Upgrades	\$ 582,400
45-992.0	S-00324	North City Water Reclamation Plant - Electro Dialysis Reversal Upgrade	\$ 230,000
45-993.0	S-00340	NCWRP - EDR Enclosure	\$ 240,000

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** Redistribution to other CIP projects.

Attachment G

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

			FY2010 Appropriation
Legacy CIP	New CIP		
Metropolitan Wastewater (continued)			
46-050.0	A-JA.00001	Annual Allocation - Pipeline Rehabilitation	\$ 32,489,711
46-106.0	A-BP.00003	Annual Allocation - Sewer Pump Station Restorations	\$ 1,199,960
46-169.0	S-00326	East Mission Gorge Force Main Rehabilitations	\$ 153,960
46-193.0	A-BR.00001	Annual Allocation - CIP Contingencies	\$ 2,593,094
46-195.6	S-00329	East Point Loma Trunk Sewer	\$ 7,200,000
46-196.6	S-00331	Balboa Avenue Trunk Sewer	\$ 1,349,000
46-196.9	S-00332	Montezuma Trunk Sewer	\$ 300,000
46-197.6	S-00334	United States International University (USIU) Trunk Sewer	\$ 1,785,000
46-197.9	S-00335	Lake Murray Trunk Sewer - In Canyon	\$ 19,143,493
46-502.0	**	Annual Allocation - Clean Water Program Pooled Contingencies	\$ 94,663
46-505.0	A-JA.00003	Annual Allocation - Unscheduled Projects	\$ 3,488,859
46-602.0	S-00337	Sewer Pump Station 41 Rehabilitation	\$ 984,026
		Metropolitan Wastewater Total	\$ 134,080,636
Park & Recreation			
21-843.0	S-00614	Balboa Park Golf Course - Clubhouse and Parking Lot	\$ 634,120
22-965.0	A-GF.00004	Annual Allocation - Mission Bay Improvements	\$ 2,536,208
25-021.0	*	Mission Bay Golf Course - Driving Range Upgrade	\$ 1,000,000
25-023.0	*	Annual Allocation - Torrey Pines Golf Course	\$ 300,000
25-024.0	*	Torrey Pines Golf Course Cart Paths - North and South Course	\$ 800,000
25-025.0	*	Annual Allocation - Balboa Park Golf Course	\$ 300,000
25-026.0	*	Annual Allocation - Mission Bay Golf Course and Practice Center	\$ 300,000
28-006.0	*	Chollas Lake Accessible Fishing Pier	\$ 60,000
28-007.0	*	Mission Bay Athletic Area Comfort Station Modernization	\$ 200,000
28-008.0	*	Paradise Hills Community Park Picnic Shelter	\$ 93,000
28-009.0	*	Palisades Park Comfort Station Replacement	\$ 300,000
28-010.0	*	Views West Neighborhood Park - ADA Upgrades	\$ 275,000
28-011.0	*	Dailard Neighborhood Park - Children's Play Area Upgrades	\$ 400,000
29-482.0	S-00642	Carmel Valley Neighborhood Park - Neighborhood #8	\$ 1,105,000
29-534.0	S-00994	Gonzales Canyon Neighborhood Park - Acquisition and Development	\$ 2,300,000
29-535.0	S-00995	Hidden Trails Neighborhood Park Acquisition and Development	\$ 2,220,000
29-706.0	*	Cypress Canyon Neighborhood Park - Phase II	\$ 2,384,466
29-761.0	S-01083	Fairbrook Neighborhood Park - Development	\$ 579,000
29-795.0	S-00751	Hickman Fields	\$ 1,400,000
		Montgomery-Waller Community Park Sports Field Lighting and Park	
29-866.0	S-00754	Improvements	\$ 200,000
29-893.0	S-00970	Memorial Pool Improvements	\$ 1,000,000
29-896.0	S-00761	Roosevelt Junior High School - Joint Use Improvements	\$ 190,000
29-909.0	A-GF.00005	Regional Park Improvements	\$ 2,500,000
29-919.0	S-00678	Birney Elementary School Joint Use Improvements	\$ 30,000
		Mission Trails Regional Park Master Plan Update and Natural Resource	
29-943.0	S-01014	Mgmt Plan	\$ 472,000
29-954.0	S-00973	Montgomery Academy - Joint Use Improvements	\$ 300,000

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** Redistribution to other CIP projects.

Attachment G

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

Legacy CIP	New CIP		FY2010 Appropriation
Park & Recreation (continued)			
29-982.0	*	Rancho Penasquitos Monument Signs	\$ 75,000
29-983.0	*	Rancho Bernardo Westwood Soundwall - Landscape Improvements	\$ 100,000
29-984.0	*	Pomerado Road, South of Rancho Bernardo Road - Median Improvements	\$ 216,954
29-985.0	*	Pomerado Road, North of Rancho Bernardo Road - Median Improvements	\$ 94,750
29-986.0	*	Welcome to Rancho Bernardo - Community Identification Sign	\$ 10,000
		Camino Santa Fe - Median Improvements from Rasha St. to Future Carroll Canyon Rd	\$ 150,000
29-987.0	*	Del Mar Terrace - Street Improvements	\$ 420,000
29-988.0	*	Carmel Country Road From Carmel Creek North to McGuire - Median Improvements	\$ 110,000
29-989.0	*	North Park Main Street Sidewalk Improvement at 30th Street and University Avenue	\$ 175,000
29-990.0	*	Camino Ruiz - Median Improvements from Aquarius to Jade Coast Road	\$ 529,000
29-996.0	*	Sunroad Neighborhood Park - Development	\$ 1,610,000
29-997.0	*	Linda Vista Terrace Park	\$ 1,758,000
29-998.0	*	Olive Street Park Aquisition and Development	\$ 2,000,000
39-010.0	S-00820	Talmadge Streetscape and Lighting Improvements	\$ 125,000
39-011.0	*	Switzer Canyon/30th Street Bridge Enhancement Program	\$ 5,000
39-092.0	S-00823	North Park Lighting Improvement Project	\$ 150,000
		Park & Recreation Total	\$ 29,407,498
QUALCOMM Stadium			
34-200.0	A-BG.00001	Annual Allocation - QUALCOMM Stadium Improvements	\$ 750,000
		QUALCOMM Stadium Total	\$ 750,000
SAP Support			
92-000.0	S-09999	OneSD (Enterprise Resource Planning System Core Project)	\$ 9,874,376
		SAP Support Total	\$ 9,874,376
Storm Water			
11-317.0	*	Uptown Community Storm Drainage	\$ 150,000
12-159.0	A-CC.00001	Annual Allocation - Watershed Water Quality Improvements	\$ 259,149
13-005.0	A-CA.00001	Annual Allocation - Drainage Projects	\$ 130,000
		Storm Water Total	\$ 539,149
Water			
70-910.7	S-00083	Miramar Pipeline Monitoring & Reinspection	\$ 963,866
		Annual Allocation - CIP Contingencies - Reclaimed Water Distribution System/RWDS	\$ 500,000
70-942.0	A-HC.00001	Annual Allocation - Reclaimed Water Extension	\$ 3,152,199
70-949.0	A-HC.00002	Torrey Pines Road/La Jolla Boulevard Water Main Replacement	\$ 140,615
70-953.0	S-00003	Annual Allocation - North City Reclamation System	\$ 9,368,839
70-954.0	A-HC.00003	Harbor Drive Pipeline	\$ 1,010,308
70-957.0	S-00019	El Capitan Pipeline No. 2	\$ 2,069,598
70-959.0	*		

* CIP project is newly published or activity begins in 2010 and currently does not have a new CIP number assigned.

** Redistribution to other CIP projects.

Attachment G

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

Legacy CIP	New CIP		FY2010
Water (continued)			Appropriation
70-960.0	*	El Monte Pipeline No. 2	\$ 2,548,000
70-961.0	*	Kearny Mesa Pipeline Upgrade	\$ 2,730,000
73-024.0	A-KB.00002	Annual Allocation - Freeway Relocation	\$ 50,000
73-083.0	A-KB.00003	Annual Allocation - Water Main Replacements	\$ 36,064,000
73-248.0	S-00072	Pomerado Pipeline Number 2	\$ 11,669
73-261.3	S-00021	Alvarado Water Treatment Plant - Upgrade and Expansion	\$ 37,915,021
73-263.0	A-BJ.00001	Annual Allocation - Water Pump Station Rehabilitations	\$ 468,433
73-277.0	A-BL.00001	Annual Allocation - Standpipe and Reservoir Rehabilitations	\$ 2,488,080
73-284.0	S-00024	Miramar Water Treatment Plant - Upgrade and Expansion	\$ 15,657,692
73-285.0	S-00030	Otay Water Treatment Plant - Upgrade and Expansion	\$ 5,912,808
73-286.0	S-00032	Otay Second Pipeline Improvements	\$ 1,242,564
73-310.0	A-KA.00001	Annual Allocation - Corrosion Control	\$ 100,000
73-321.0	S-00041	Morena Reservoir Outlet Tower Upgrade	\$ 7,709
73-331.0	A-BS.00001	Annual Allocation - CIP Contingencies	\$ 7,000,000
73-342.0	S-00043	Rancho Penasquitos Pump Station	\$ 1,502,956
73-343.0	S-00044	Lower Otay Reservoir - Emergency Outlet Improvements	\$ 4,900,552
73-355.0	*	Lindbergh Field 16" Cast Iron Main Replacement	\$ 781,955
73-868.1	*	Water Group 790	\$ 7,200,000
73-900.0	A-KA.00002	Annual Allocation - Pressure Reduction Facility Upgrades	\$ 200,000
73-910.0	A-KB.00004	Annual Allocation - Seismic Upgrades	\$ 1,695,000
73-917.0	*	Kensington Pressure Regulator	\$ 31,564
74-925.0	A-BK.00001	Annual Allocation - Dams and Reservoirs	\$ 691,014
75-931.0	S-00050	Water Department Security Upgrades	\$ 746,811
75-932.0	A-BM.00001	Annual Allocation - Groundwater Asset Development Program	\$ 1,825,056
75-937.0	*	Barrett Flume Cover	\$ 100,000
75-943.0	*	Recycled Water System Upgrades	\$ 700,000
		Water Total	\$ 149,776,309
TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS			\$ 478,437,916
TOTAL COMBINED APPROPRIATIONS			\$ 2,945,938,076

* CIP project is newly published or activity begins in 2010 and currently does not have a new CIP number assigned.
 ** Redistribution to other CIP projects.

Attachment G

Fiscal Year 2010 Maintenance Assessment District Appropriations

Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non- Personnel	FY 2010 Appropriation
200023	Assessment District Management	\$ 568,079	\$ 1,255,521	\$ 1,823,600
200025	Street Light District #1	\$ -	\$ 753,094	\$ 753,094
200028	Scripps/Miramar Ranch	\$ 58,046	\$ 1,291,021	\$ 1,349,067
200030	Tierrasanta	\$ 61,278	\$ 2,083,768	\$ 2,145,046
200031	Campus Point	\$ 1,160	\$ 34,090	\$ 35,250
200032	Mission Boulevard	\$ 2,903	\$ 113,835	\$ 116,738
200033	Carmel Valley	\$ 84,165	\$ 2,894,483	\$ 2,978,648
200035	Sabre Springs	\$ 17,413	\$ 327,403	\$ 344,816
200037	Mira Mesa	\$ 52,240	\$ 1,830,162	\$ 1,882,402
200038	Rancho Bernardo	\$ 29,022	\$ 1,144,946	\$ 1,173,968
200039	Penasquitos East	\$ 29,022	\$ 551,173	\$ 580,195
200040	Coronado View	\$ 1,741	\$ 21,803	\$ 23,544
200042	Park Village	\$ 23,219	\$ 688,463	\$ 711,682
200044	Eastgate Technology Park	\$ 8,707	\$ 223,327	\$ 232,034
200045	Calle Cristobal	\$ 5,804	\$ 395,910	\$ 401,714
200046	Gateway Center East	\$ 11,609	\$ 260,656	\$ 272,265
200047	Miramar Ranch North	\$ 58,046	\$ 1,944,861	\$ 2,002,907
200048	Carmel Mountain Ranch	\$ 17,413	\$ 635,383	\$ 652,796
200052	La Jolla Village Drive	\$ 10,448	\$ 83,133	\$ 93,581
200053	First SD River Imp Project	\$ 17,413	\$ 332,866	\$ 350,279
200055	Newport Avenue	\$ -	\$ 65,000	\$ 65,000
200056	Linda Vista Community	\$ 14,512	\$ 288,554	\$ 303,066
200057	Washington Street	\$ 5,805	\$ 137,124	\$ 142,929
200058	Otay International Center	\$ 34,827	\$ 416,836	\$ 451,663
200059	Del Mar Terrace	\$ -	\$ 542,743	\$ 542,743
200061	Adams Avenue	\$ -	\$ 73,180	\$ 73,180
200062	Carmel Valley Nbhd #10	\$ 11,609	\$ 527,357	\$ 538,966
200063	North Park	\$ 24,379	\$ 979,423	\$ 1,003,802
200065	Kings Row	\$ 1,741	\$ 11,890	\$ 13,631
200066	Webster-Federal Boulevard	\$ 2,903	\$ 79,725	\$ 82,628
200067	Stonecrest Village	\$ 34,827	\$ 1,157,894	\$ 1,192,721
200068	Genesee/North Torrey Pines Road	\$ 11,609	\$ 1,071,315	\$ 1,082,924
200070	Torrey Hills	\$ 58,046	\$ 2,296,277	\$ 2,354,323
200071	Coral Gate	\$ 5,805	\$ 195,558	\$ 201,363
200074	Torrey Highlands	\$ 37,730	\$ 1,357,017	\$ 1,394,747
200076	Talmadge	\$ 4,644	\$ 184,451	\$ 189,095
200078	Central Commercial	\$ -	\$ 376,631	\$ 376,631
200079	Little Italy	\$ -	\$ 755,351	\$ 755,351
200080	Liberty Station/NTC	\$ -	\$ 338,933	\$ 338,933
200081	Camino Santa Fe	\$ 5,804	\$ 689,124	\$ 694,928
200083	Black Mtn Ranch South	\$ 40,632	\$ 2,007,604	\$ 2,048,236
200084	College Heights	\$ -	\$ 551,000	\$ 551,000
200086	CED Management	\$ -	\$ 193,255	\$ 193,255
200087	City Heights	\$ -	\$ 370,399	\$ 370,399
200089	Black Mountain Ranch North	\$ -	\$ 657,343	\$ 657,343
200091	Bay Terraces - Parkside	\$ 1,741	\$ 65,613	\$ 67,354
200092	Bay Terraces - Honey Drive	\$ 1,160	\$ 27,110	\$ 28,270

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Fund	Maintenance Assessment District Fund	Salary & Wages	Fringe & Non- Personnel	FY 2010 Appropriation
200093	University Heights	\$ 2,903	\$ 86,683	\$ 89,586
200094	Hillcrest	\$ 2,903	\$ 28,710	\$ 31,613
200095	El Cajon Boulevard	\$ 23,219	\$ 607,664	\$ 630,883
200096	Ocean View Hills	\$ 40,631	\$ 983,224	\$ 1,023,855
200097	Robinhood Ridge	\$ 5,804	\$ 113,548	\$ 119,352
200098	Remington Hills	\$ 2,321	\$ 88,914	\$ 91,235
200099	Pacific Highlands Ranch	\$ 8,707	\$ 298,113	\$ 306,820
200101	Rancho Encantada	\$ -	\$ 350,810	\$ 350,810
200103	Bird Rock	\$ -	\$ 453,444	\$ 453,444
200105	Hillcrest Commercial Core	\$ -	\$ 180,000	\$ 180,000
200106	Greater Golden Hill	\$ -	\$ 1,138,890	\$ 1,138,890
200108	Downtown PBID	\$ -	\$ 5,647,644	\$ 5,647,644
MAINTENANCE ASSESSMENT DISTRICT TOTAL		\$ 1,441,990	\$ 42,260,249	\$ 43,702,239

ATTACHMENT II

Excerpt from Council Policy 100-03: Transient Occupancy Tax

Attachment A: General Requirements and Conditions

Section B: Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for alcoholic beverages. In addition, City funds may not be used for travel, meals, lodging, or entertainment expenses, except as otherwise may be provided. Waivers to this provision will be considered for expenditures within the Economic Development Program categories. Organizations receiving waivers may use City funds for travel, meals, or lodging within the following parameters:
 - a. Travel – when use of public air carrier transport is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of coach airfare only. City funds may not be applied toward any upgrades.
 - b. Meals – when provision of meals is required in order to perform the contractual scope of services to the City, City funds may be applied toward a maximum of \$50 per day per person for meals (excluding sales tax and a maximum 15% gratuity, which are also eligible expenses). This daily maximum is further limited by meal, as follows: \$10, \$15, and \$25 are the maximum City funds that can be applied toward breakfast, lunch, and dinner, respectively, per person. If alcoholic beverages are consumed with meals, they may not be paid for with City funds. In the event that meals are provided to individuals who are not members of the funded organization within the scope of a business development meeting, documentation containing the purpose of the meeting, the benefit to the City, and a list of attendees must be provided to the City in order for City funding to be utilized.
 - c. Lodging – when out-of-town lodging is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of the cost of a standard room in a business class hotel, or toward the conference rates of the host hotel when attending a conference.
 - d. Sponsorships – the City acknowledges the business requirement of event sponsorships by promotional organizations in order to market San Diego as a convention destination in a highly competitive market, and to attract businesses to the region. The primary objective of a funded organization's participation in such events is to gain exposure for San Diego and secure access to important decision makers representing prominent convention groups and businesses. Financial

Attachment G

sponsorship of such events is an acceptable application of City funds. If alcoholic beverages are consumed during event sponsorships, they may not be paid for with City funds.

4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.
5. Matching fund requirements will be determined by the appropriate application process as called for in the specific funding guidelines within each funding category, if applicable.
6. Organizations requesting funds should possess, at a minimum, a three-year track record of operations. Annual requests for funding may be for one-time events or projects, though applicant organizations must have a three-year history.